

City of Excellence

Utilities



Public
Safety



Signature Destination



Economic Development



Transportation



Comprehensive Annual Financial Report

For the Year Ended September 30, 2014



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CITY OF GEORGETOWN, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by:

Division of Finance and Administration

Micki Rundell, CGFO - Chief Financial Officer

Lisa Haines, CGFO - Controller

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Introductory Section



INTRODUCTORY SECTION (UNAUDITED)

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March 13, 2015

Honorable Mayor and City Council,
City Manager and Citizens of Georgetown, Texas:

The comprehensive annual financial report of the City of Georgetown, Texas (the City) for the year ended September 30, 2014, is hereby submitted. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and have been audited by independent auditors in accordance with generally accepted auditing standards.

Management Responsibility for Financial Information. The City's Finance and Administration Division has prepared the report and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Reporting Entity. This report includes all the funds of the City, as well as, the City's discretely presented component unit, the Georgetown Economic Development Corporation (GEDCO), its Texas 4A economic development corporation. The City provides a full range of services, which include police and fire protection; construction and maintenance of streets and other infrastructure; recreational activities and cultural events. In addition to general government activities, the City also provides electric, wastewater, water, stormwater drainage and airport services which are included in the reporting entity. The City is also financially accountable for Georgetown Transportation Enhancement Corporation (GTEC), a Texas 4B economic development corporation, which funds transportation projects that enhance economic development within the City. GTEC is presented as a blended component unit within the reporting entity.

Management Discussion and Analysis. Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report located at the front of the financial section of this report.

DESCRIPTION OF THE CITY

Georgetown is a Home Rule Charter City and operates under a Council - Manager form of government. A mayor, elected at large, and seven council members, elected from single member districts, serve staggered, three-year terms. Georgetown is located on Interstate 35, the major corridor between Dallas and San Antonio, at the intersection of State Highway 130. Georgetown was founded in 1848 with a strong agricultural base, in the heart of Williamson County, 26 miles north of Austin. Today, Georgetown has an estimated population of 53,975, with an additional 26,500 within the extra-territorial jurisdiction (ETJ) and serves as the county seat of Williamson County. In May 2014, the US Census Bureau named Georgetown the fastest growing city of its size.

Georgetown's economic development initiatives to expand jobs and tax base have been with a careful focus of maintaining and expanding its status as a signature destination. The award winning historic downtown square, along with its extensive, award-winning parks and river trail systems along the North and South San Gabriel Rivers and Lake Georgetown have been leveraged to make the City one of the most attractive places to live and work. Georgetown was recognized in 2013 by the national real estate website Movoto.com which ***named Georgetown the No. 3 best suburban city in the United States.*** The site specifically mentioned the City's low cost of living and safe community environment.

This unique character and small town charm was a key factor for Del Webb Corporation when it built its first Texas development in Georgetown with the 1995 opening of Sun City, Texas. Today, over 6,700 homes with over 13,000 retirees make Sun City and Georgetown their home.

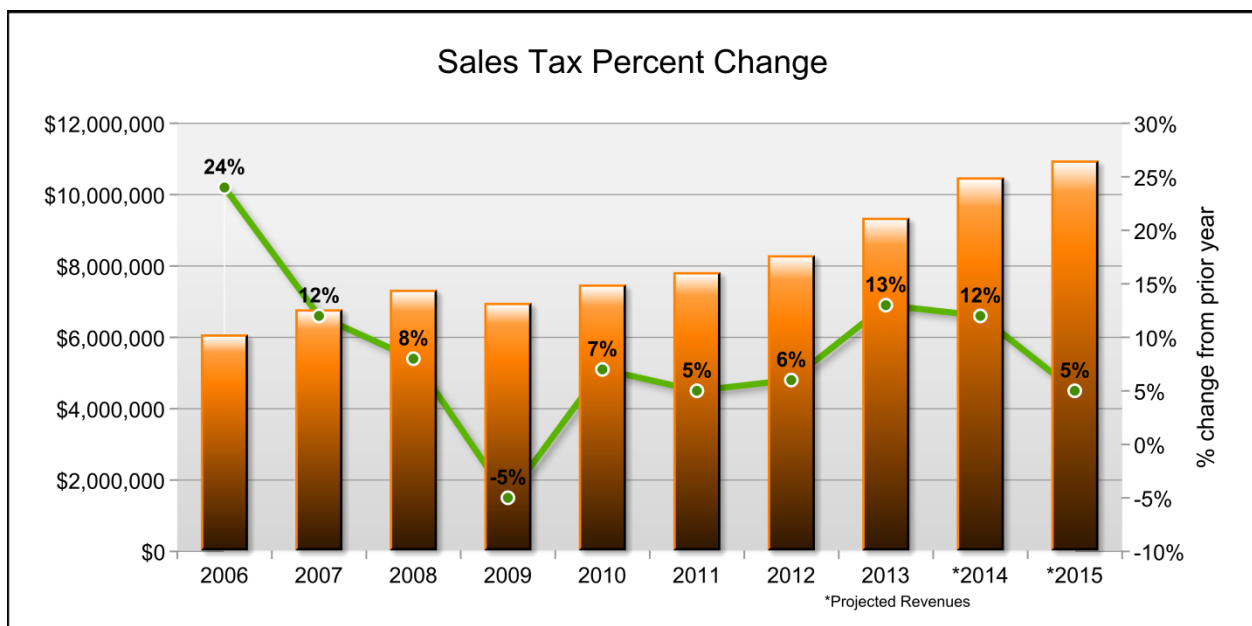
Georgetown is also home to Southwestern University, which continues to receive national recognition. The University has been named to Kiplinger's list of the 100 best values in liberal arts colleges and has been noted as one of 'America's Best Value Colleges' by the *Princeton Review*. With more than 1,528 students and 514 employees, the University provides substantial economic and cultural contributions to Georgetown.

GEORGETOWN'S ECONOMIC OUTLOOK AND FINANCIAL CONDITIONS

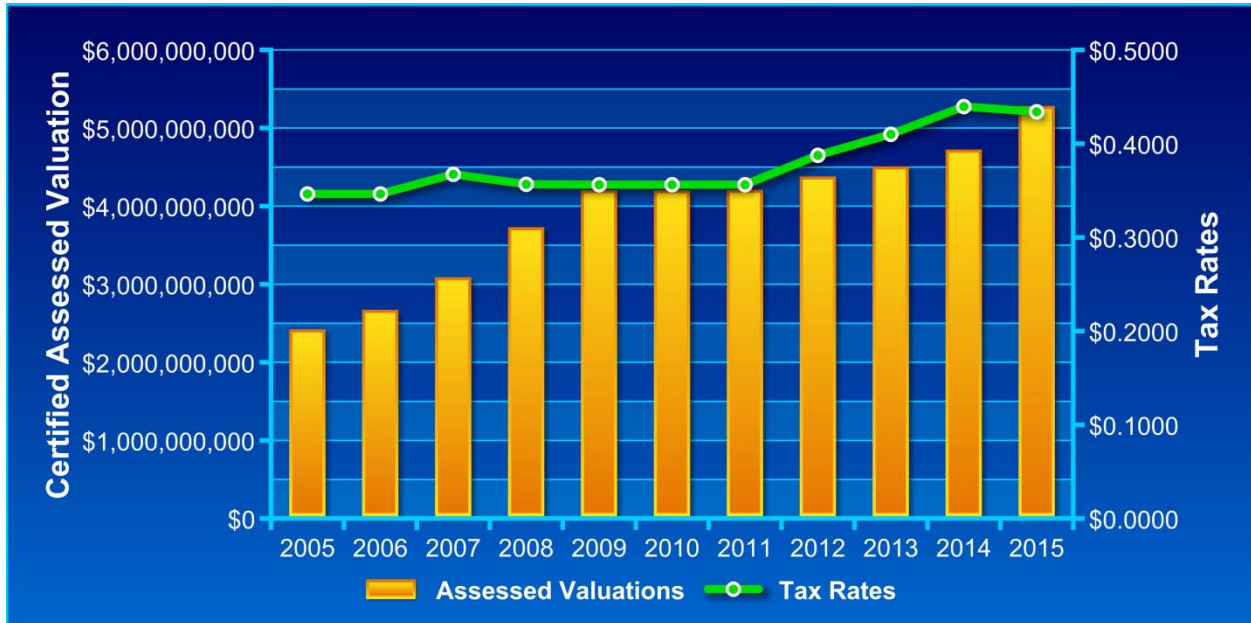
Economic Outlook

The Texas economy has continued to thrive even better than most of the nation and Georgetown is no exception. After a few years of cautious growth and a lean outlook, strong and steady growth took hold in the Georgetown economy during 2013 and 2014. In May 2014, the US Census Bureau named Georgetown the 7th fastest growing city in the country. The Central Texas unemployment rate was 4.6% for December 2014, compared to 5.6% nationally. According to the Texas Comptroller of Public Accounts, Texas had fully recovered all of its lost jobs by September 2011 and has added 1.1 million jobs above and beyond that as of December 2014. Texas and the area continued to see strong growth in new jobs, as well as, retail and business sales. The City's commercial and job base continued to grow with the expansion of several small commercial and retail centers, new healthcare facilities, added retail and restaurants on the downtown square and an agreement that brings a major hotel/conference center to the City.

Residential growth has continued to be healthy with 1,252 residential permits in fiscal year 2014 compared to 932 in the prior year. Of those new permits, 701 were inside the City limits with an estimated value of \$173 million. The City's 2014 assessed property valuation rose to a record \$5.3 billion, an 11.9% increase over 2013. Housing values have increased, with the average home in Georgetown valued at \$210,184 on January 1, 2014, as compared to \$190,802 on January 1, 2013. New housing developments outside the City continued to expand with the City's adoption of a new Municipal Utility District (MUD) policy to ensure controlled growth that benefits the entire community. Within the City limits, the new 750 acre Hillwood community and a new expansion to Sun City were approved in July 2014.



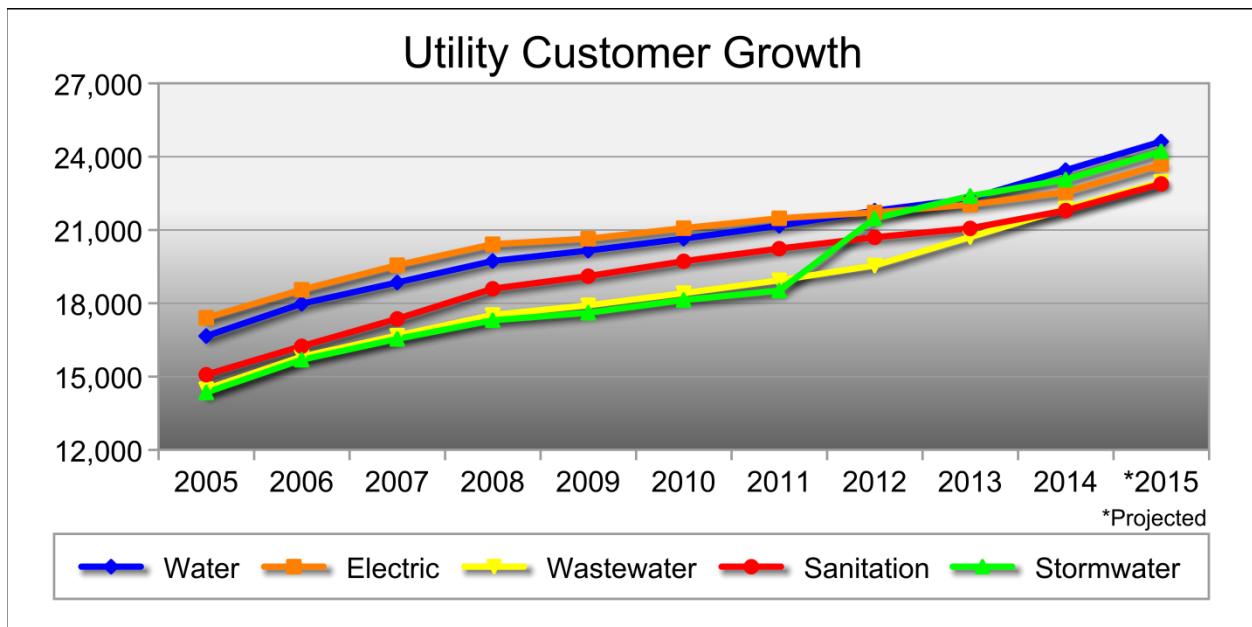
Sales tax revenues increased 12% over the prior year, demonstrating solid growth in the local economy for the fifth consecutive year. The first three months of the 2014 fiscal year continued this trend with sales tax receipts coming in 5% over the prior year. While optimistic that this growth will continue, the City takes a conservative approach to estimating its available resources for each upcoming budget year as national and world wide issues continue to show some uncertainty. The local economy is not directly affected by the energy industry and the drop in oil prices; however, the City is carefully monitoring for any impacts to the greater Texas economy.



New health care facilities, such as assisted living centers, are underway near Sun City. Two new behavioral hospitals, one built by Springstone, and the other operated by Signature Healthcare added about \$35 million to the City's tax roll. Texas Life Sciences Collaboration Center (TLCC) completed their second building with the new space almost fully leased and site plans underway for a third building. Radiation Detection Company, a biomedical firm, announced a new 15,000 square foot headquarters in Georgetown.

The City approved the development agreement for the Sheraton Hotel and Conference Center at the Summit at Rivery Park site. The development includes 220 rooms, 16,000 square feet of conference space, a parking garage and future retail and restaurant development valued at approximately \$150 million at full build out. Groundbreaking is expected in 2015. The Georgetown South Tax Increment Reinvestment Zone (TIRZ) was created in the summer of 2014, with water, wastewater and road improvements soon to follow on the 603 acre site on south IH-35. This development is significant because it opens the next phase of retail and commercial development that is adjacent to the new Bass Pro Shop site at the Round Rock Premium Outlet Mall. Pecan Branch Center, a new 900,000 square foot retail development to be located at Lakeway and IH-35 in north-central Georgetown, received its first approvals in September 2014.

New development continues in the downtown area with the opening of many small shops and cafes that further enhance the City's historic old-town district. The downtown area was further enhanced in 2014 with the opening of Thundercloud Subs in the former historic fire station truck bays and the Georgetown Arts and Culture Center in the historic fire station right next door. Another new restaurant, El Monumento, won the Texas Downtown Association's "Best New Construction" award for 2014.



Georgetown takes an active role in water and wastewater planning with the Brazos River Authority (BRA) to find regional solutions to the ever increasing demand for services, while protecting the natural environment within the area. Growth within the utilities continues to have strong positive impacts to the financial and economic conditions of Georgetown.

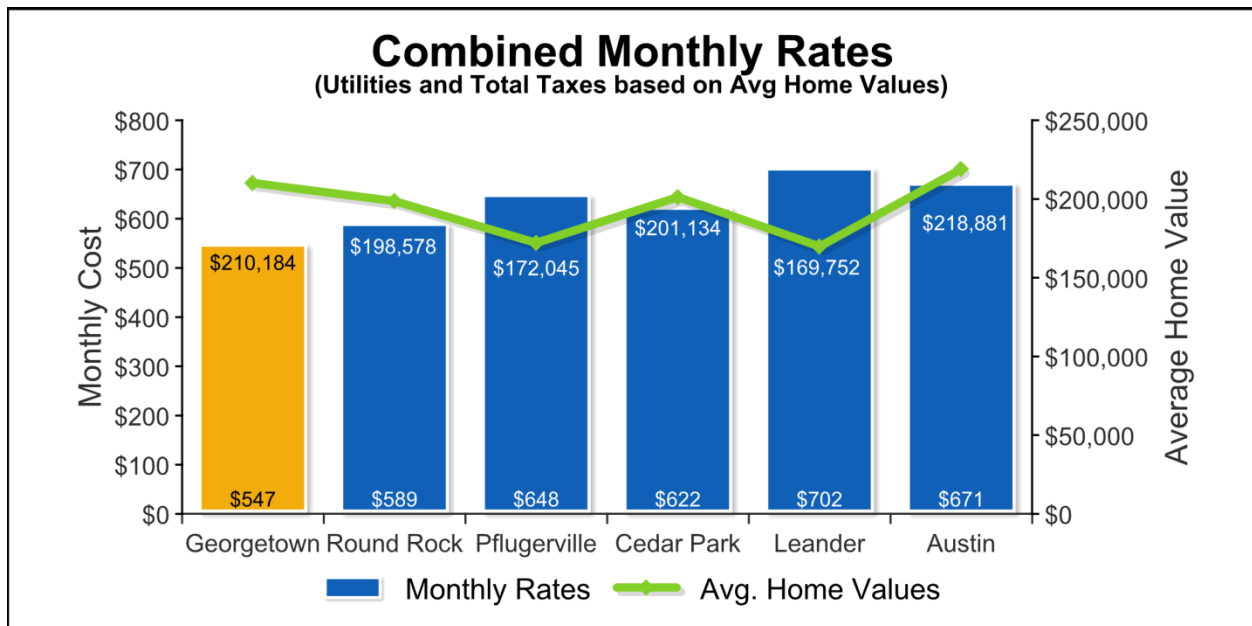
MAJOR INITIATIVES

Energy Services. With the ending of the City of Georgetown's wholesale power agreement with the Lower Colorado River Authority (LCRA) in September 2012 and favorable settlement of the resulting lawsuit in 2014, the City extended its active management of its daily energy supply to cover the larger market exposures, congestion issues, and real time settlements that LCRA previously handled. The City currently has power arrangements to cover 100% of its projected needs through May 2015 and 80% of its needs to 2036. The financial impact of these changes has been lower purchased power costs, which are being passed on to customers through lower rates. The City's new long term contracts are mostly renewable energy and therefore provide a hedge against carbon legislation costs. General fund franchise fee revenues are based on the number of kWh sold; therefore, no impact on other City funds is expected from lowering costs to customers. The City has further modernized its rate structure to reflect a cost of service basis with higher fixed monthly charges and lower variable kWh rates. This further stabilizes the City's revenue stream and enhances its ability to use the electric utility as an economic development tool. The City already provides power for the Premiere Outlet Mall, Scott and White Hospital and major restaurant and retailers in the north Round Rock area. The nearing completion of the Bass Pro Shop at the outlet mall site will further expand Georgetown's commercial electric customer base.

Regional Water. The City was approached by the Chisholm Trail Special Utility District (CTSUD) in 2011 about the possibility of merging with the City's water system. The CTSUD provided water service to several areas within the City and the City's extra territorial jurisdiction (ETJ), as well as a large portion of Western Williamson and Southern Bell Counties. In September 2014, the City defeased almost \$14 million in the District's debt, allowing the consolidation of District assets and operations as part of the City's utility. With consolidation, the City added 7,500 new water customers and over 375 square miles of new service territory. This consolidation will provide for stronger regional water planning and resource management to allow for future growth within the region.

Utility Rates. The City continues to review rate requirements for all utilities annually, as part of the budget process. Environmental mandates for water and wastewater continue to be the driving factor in rate analysis. Water and wastewater rates were reviewed by the City to ensure rates were funding the costs of providing services. Based on this review, the City adopted a new, more stable water rate

structure that better balances fixed and variable components and emphasizes conservation in early 2013/14. The initial net revenue impact to the City and its customers is minor; however, it does give the City a more stable revenue base. Rates have remained stable since 2007, but the next phase of system expansion may cause rates to rise of the next three to five years.



Transportation. Traffic and transportation continues to be one of the community's and City Council's top priorities. In November 2008, city voters authorized \$46 million for road projects, with bonds to be issued within the next ten years. To date, \$15.6 million in road bonds have been issued for planned projects to meet the City's needs. The right of way purchase, design and bidding for the expansion of FM 1460 are substantially complete with construction expected to begin in February 2015. This project enhances Georgetown's transportation corridor to high growth areas in north Round Rock, along with many other major projects in the development stages. The City, through its Transportation Advisory Board, reviews its five year Transportation Improvement Program annually. In addition, the City is developing a plan to assume responsibility of traffic lights within the City. Implementing a regional pavement design system and program to ensure cohesiveness of the City's roadways continues to be a top priority. A major funding source for maintaining its arterial roadways is the ¼ cent sales tax dedicated to that effort. The tax was overwhelming reauthorized by voters in November 2014.

Public Safety. Improving public safety response has been a major priority for the last several years. The voter-approved \$29.5 million Public Safety Operations and Training Complex (PSOTC) broke ground in August 2013. This facility will include all Police administration and operations offices, Fire administration, a 24-hour emergency communications center and training areas, including an obstacle course. The complex will be opened in February 2015. The City completed and opened Fire Station 5 in October 2012 to address response times in the northwestern portion of the City, and completed the reconstruction and expansion of Fire Station 2 serving central Georgetown in February 2014.

Park Improvements. The City continues to expand its award winning park system through continued development of the City's trail system along the San Gabriel Rivers to Lake Georgetown. In November 2008 city voters authorized \$35.5 million in bonds to fund park improvements. The City adopted the Parks Master Plan in March 2009 to continue the river corridor preservation and expand parks and green space. Another phase of the San Gabriel River Trail was completed in October 2014. This trail system has been designated as a National Recreation Trail, one of only 15 such trails in Texas. An additional \$5 million of the voter approved bonds was issued in 2013 to fund the next steps in the Plan. These major steps include the February 2013 purchase of 90 acres for a future west side active park and recreation area, the design and business plan on the future 525-acre Garey Park, improvements in San Gabriel Park including the reconstruction of the Creative Playscape in San Gabriel Park, complete in July 2014.

Long Range Planning. Planning for Georgetown's future is a major priority, as the City formally adopted a new comprehensive plan in 2008 called the Georgetown 2030 Plan. This Plan provides vision for the future and is designed to address growth issues facing the community over the next 20+ years. This project required citizens throughout the community to provide the foundation for policies needed to ensure that the Georgetown of 2030 has the unique quality of life and economic vitality that it does today.

The City's 2030 Plan has been defined by City Council with five focus areas: Economic Development, Public Safety, Signature Destination, Transportation and Utilities. This framework guides the City's business and financial planning process. Staff prepares business plans by focus area and a *five-year financial model to direct sound fiscal and policy decisions* while capitalizing on the positive momentum in the local and state economy.

Financing Activities. The City took advantage of favorable debt market conditions in the spring of 2014 by refunding \$26.5 million in previously issued general obligation and utility revenue debt. The City also used higher than budgeted revenues and fund balances to cash fund \$1.6 million in public safety vehicles and equipment that had originally been scheduled for debt financing. The former Albertson's building, purchased in 2008, was sold creating \$3.5 million in financial capacity for planned city facility expansions and improvements in the Downtown West area.

FINANCIAL INFORMATION

The City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's Chief Financial Officer, Finance Director, Controller, and other key staff in the Finance and Administration Division design and maintain the internal control structure. These controls are under continual review by management, and under annual review by the independent auditors. During the year, the Finance Division performs internal audits on selected procedures and operations throughout the City organization. The selection of priorities and timing of audits are determined by the Chief Financial Officer, along with the City Manager.

Single Audit. As a recipient of federal and state financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management. The tests relating to the receipt of such funds are known as Single Audit testing. These tests are made to determine the adequacy of internal controls, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The compliance section is included in the final section of this document.

Budgetary Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by division and department within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are reserved at year-end and carried forward into the following year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Weaver and Tidwell, LLP was selected by the City Council. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report on the basic financial statements and schedules are included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The City has received a Certificate of Achievement for twenty-seven (27) consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

We are also proud to report that the GFOA has presented the Distinguished Budget Presentation Award to the City of Georgetown for each of the past twenty-five (25) years.

Acknowledgments. The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the division who assisted and contributed to its presentation. Special acknowledgment goes to Terry McCord, Senior Accountant; La'Mar Kemp, Accountant; Chris Foster, Manager of Resource Planning and Integration; Becky Huff, Administration Assistant, and Danella Elliott, Executive Assistant, for their dedication in preparing this report.

We would also like to thank the City Manager, Mayor and City Council. The preparation of this report would not be possible without their leadership and support.

Sincerely,



Jim Briggs
Interim City Manager



Micki Rundell, CGFO
Chief Financial Officer



Lisa Haines, CGFO
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

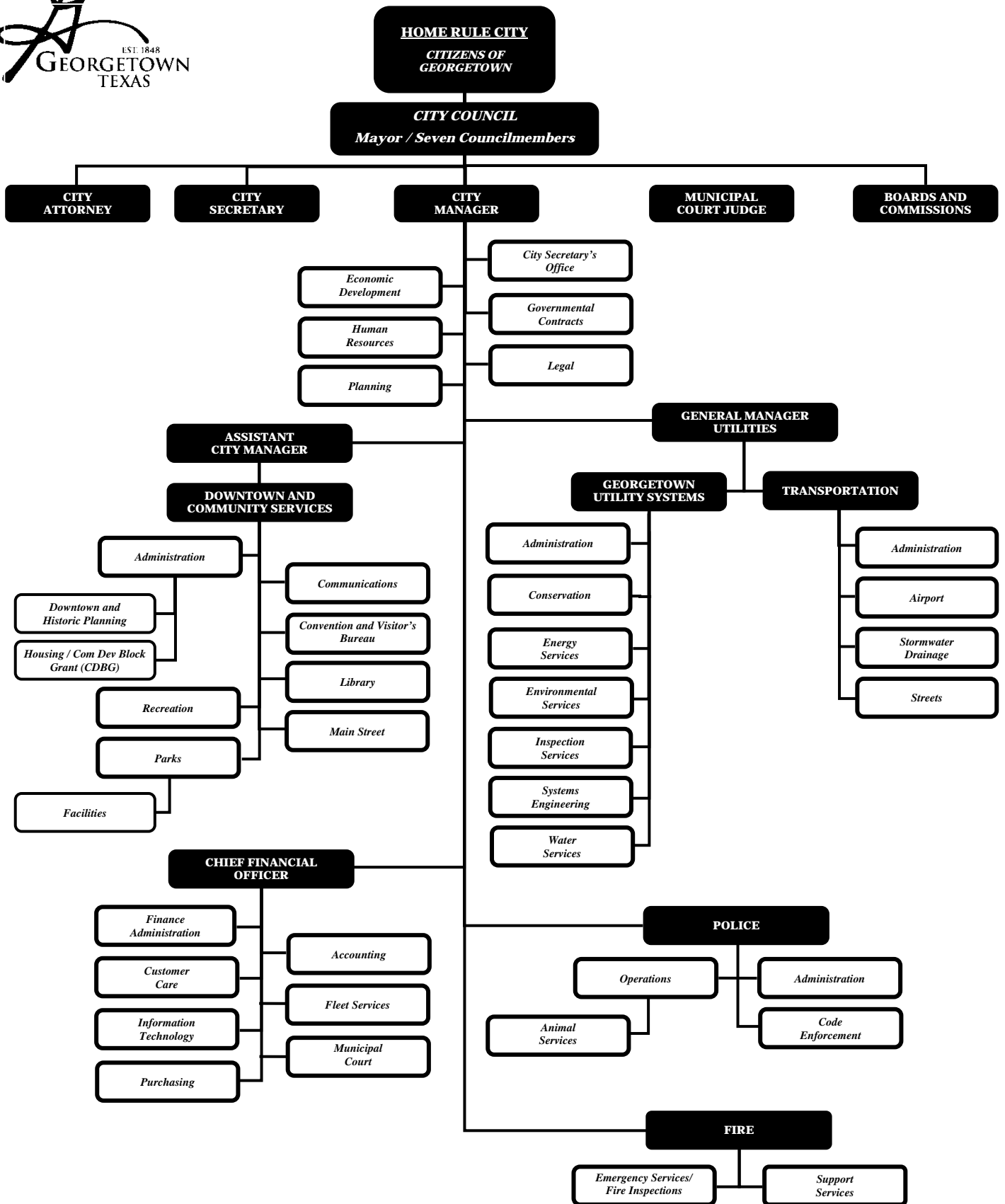
Presented to

**City of Georgetown
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



CITY OF GEORGETOWN, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS SEPTEMBER 30, 2014

ELECTED OFFICIALS

Mayor	Dale Ross
City Council Member, District 6, Mayor Pro Tem	Rachael Jonrowe
City Council Member, District 1	Patty Eason
City Council Member, District 2	Keith Brainard
City Council Member, District 3	John Hesser
City Council Member, District 4	Steve Fought
City Council Member, District 5	Jerry Hammerlun
City Council Member, District 7	Tommy Gonzalez

APPOINTED OFFICIALS

Interim City Manager	Jim Briggs
City Attorney	Bridget Chapman
City Secretary	Jessica Brettle
Municipal Court Judge	Randy Stump

OTHER CITY OFFICIALS

General Manager for Utilities	Jim Briggs
Assistant City Manager	Laurie Brewer
Chief Financial Officer	Micki Rundell
Fire Chief	John Sullivan
Police Chief	Wayne Nero

Location



Georgetown is the northern most “gateway” to the gently rolling hills of Central Texas. While Georgetown offers the amenities and charm of a small community rooted in values of days gone by, it is strategically and centrally located in the middle of the four major metropolitan areas of Texas. Austin is 26 miles south, Dallas is three hours north, Houston is three hours southeast and San Antonio is just one-and-a-half hours south, placing Georgetown in a very advantageous position for cultural and economic development. Traveling to and from Georgetown is easy, as it is at the crossroads of IH-35 going north/south and State Highway 29 going east/west. Access to Georgetown via the Austin-Bergstrom International Airport was made much easier with the opening of State Highway 130, the toll road from Georgetown to San Antonio that parallels IH-35.



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Financial Section



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Georgetown, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Georgetown, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor
Members of the City Council
City of Georgetown, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System Trend Data, Other Post-employment Benefits, and Modified Approach for Street Infrastructure Capital Assets on pages 26-37 and 102-103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The introductory section, combining and individual major and nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and schedules and the schedule of the expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

The Honorable Mayor
Members of the City Council
City of Georgetown, Texas

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major and nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 13, 2015

**CITY OF GEORGETOWN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of the City of Georgetown financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

General Fund

- At the end of the current fiscal year, the fund balance of the General Fund was \$12,172,679 or 6.7% lower than FY 2013 fund balance. The fund had \$7.5 million of committed fund balance, \$1.8 million of assigned fund balance and \$2.9 million of unassigned fund balance. Revenues were \$945,000 more than the original budget estimates.
- General Fund revenues increased \$697,000, an increase of 2% over FY 2013. This increase is due to greater revenues from growth and growth in sales and franchise tax revenues.
- General Fund expenditures increased by \$3.2 million, an increase of 7.9% over FY 2013. This increase was due to public safety's restructured Step Pay Plan, scheduled street maintenance, and city-wide salaries increased to market based on a compensation study, as the final phases were implemented this fiscal year.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$23.3 million. General revenues and transfers totaled \$51.9 million, resulting in an increase in net position of \$28.6 million.
- As of September 30, 2014, the City's governmental activities reported combined ending net position balances of \$245.5 million. The largest element of this balance is the value of the City's investment in capital assets which totaled \$211.3 million. Capital assets include the value of streets, parks and facilities, net of related debt.
- During fiscal year ended September 30, 2014, the City issued approximately \$7.1 million in General Obligation and Certificates of Obligation bonds for entity-wide purposes. The debt issue included \$4.8 million for voter-approved general capital projects for roads. The City also issued \$12.275 million in Refunding GO bonds to retire outstanding debt issued at a higher interest rate, with a net savings of \$703,000. The City's general obligation debt is rated AA+ by Standard & Poor's and AA2 by Moody's.

Business-Type Activities

- The net position of the City's business-type activities had a current year increase of \$78.2 million. The current year increase is largely due to the assets acquired through the Chisholm Trail Special Utility District (CTSUD) acquisition. The City also received \$5.9 million of infrastructure assets contributed by developers for commercial projects and residential subdivisions.
- The City's total debt issue included \$18.35 million of utility system revenue bonds for electric transformers and substations, the Sequoia elevated water storage tank, and the acquisition of CTSUD, all to be paid from utility system revenues. The City also issued \$11.86 million in Utility System Revenue Refunding bonds to retire outstanding debt issued at a higher interest rate, with a net savings of \$627,000. The City's Standard & Poor's rating is AA and the Moody's rating is AA2 on the utility system revenue debt.

Entity-Wide

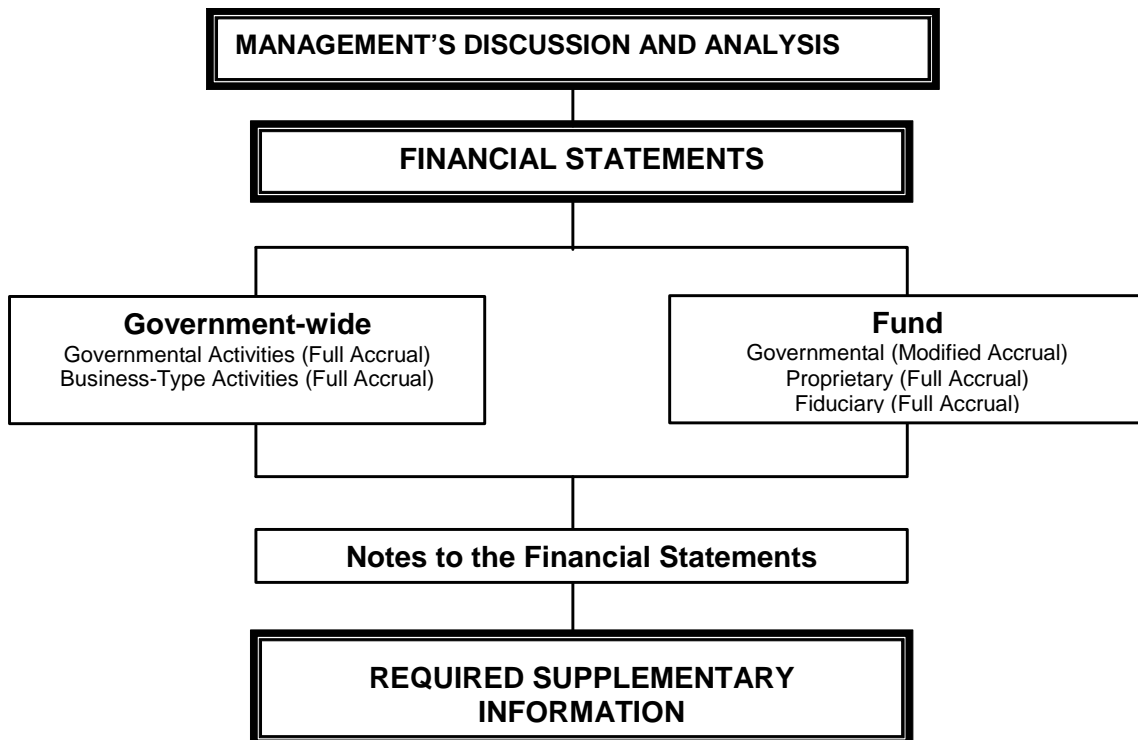
- The City's total net position on a government-wide basis was \$590.7 million at September 30, 2014, an increase of 22.1% over September 30, 2013. Most of this balance is invested in capital assets, restricted for specific purposes.
- The City received \$100.3 million of grants and other capital contributions in FY 2014.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the following chart, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities, reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position, which is the difference between the City's assets and deferred outflows and liabilities and deferred inflows, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and condition of the City's infrastructure.

CITY OF GEORGETOWN, TEXAS

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The government-wide financial statements of the City are divided into two categories:

Governmental Activities – Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public library, street maintenance, environmental services, and general administration. Property and sales taxes, return on investment from the City's utility services, and charges for services finance most of these activities.

Business-type Activities – The City's Water Services Fund, which includes water, wastewater and irrigation services, as well as its Electric utility, are reported here. Stormwater Drainage and the City's Airport are also reported in these activities. Fees charged to customers fund the costs of providing these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The City has three types of funds:

Governmental Funds – General Fund, Special Revenue Funds, Capital Projects Funds and the Debt Service Fund are governmental funds, which focus on:

- (1) How cash and other financial assets can readily be converted to cash flow (in and out), and
- (2) Year-end balances readily available for spending.

Consequently, the governmental funds statements provide a short-term view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government-wide statements.

Proprietary Funds – Services for which the City collects fees and rates intended to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, similar to government-wide statements, provide both long-term and short-term financial information.

The City's enterprise funds are substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its electric, water services, airport, and stormwater drainage activities. The City uses internal service funds to report activities that provide supplies and services for the City's other programs, activities and funds. The City's internal service funds are used in providing facility maintenance, fleet services, joint services (providing administrative functions to the other funds), as well as information technology services.

Fiduciary Funds – The City is trustee, or fiduciary, for certain amounts held on behalf of others, and for certain pass-through arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are reported in a separate statement of fiduciary net assets. Assets for assessment collections for the City's public improvement districts and pass-through lease agreements for Texas Capital Fund projects are held in fiduciary funds. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

CITY OF GEORGETOWN, TEXAS

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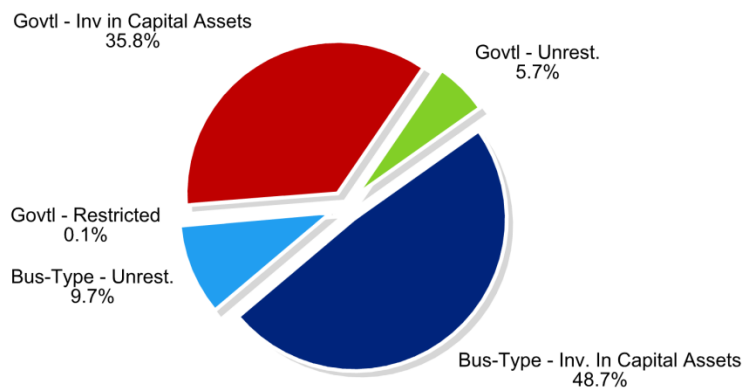
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position						
<i>(In thousands)</i>						
	Govtl Activities		Bus-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 72,851	\$ 84,610	\$ 66,746	\$ 50,124	\$ 139,597	\$ 134,734
Capital assets	312,205	267,870	363,457	287,661	675,662	555,531
Total assets	\$ 385,056	\$ 352,480	\$ 430,203	\$ 337,785	\$ 815,259	\$ 690,265
Deferred outflows of resources	\$ 2,262	\$ 1,260	\$ 1,872	\$ -	4,134	\$ 1,260
Total assets and deferred outflows	\$ 387,318	\$ 353,740	\$ 432,075	\$ 337,785	\$ 819,393	\$ 691,525
Long-term liabilities	\$ 123,796	\$ 122,456	\$ 71,994	\$ 63,558	195,790	\$ 186,014
Other liabilities	17,990	14,382	14,937	7,247	32,927	21,629
Total liabilities	\$ 141,786	\$ 136,838	\$ 86,931	\$ 70,805	\$ 228,717	\$ 207,643
Net position:						
Invested in capital assets, net of related debt	\$ 211,306	\$ 174,798	\$ 287,569	\$ 230,939	\$ 498,875	\$ 405,070
Restricted	825	1,109	-	-	825	1,109
Unrestricted	33,401	40,995	57,575	36,041	90,976	77,036
Total net position	\$ 245,532	\$ 216,902	\$ 345,144	\$ 266,980	\$ 590,676	\$ 483,882

Net Position - Primary Government - 9/30/14



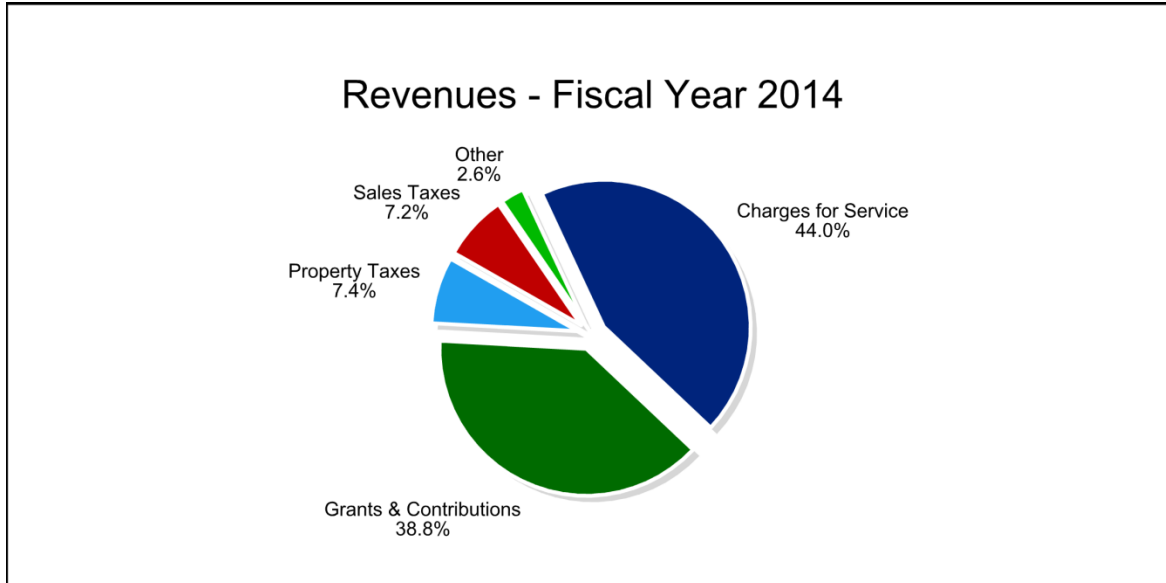
CITY OF GEORGETOWN, TEXAS

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Changes in Net Position (In thousands)						
	Govtl Activities		Bus-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
<i>Program Revenues</i>						
Charges for Service	\$ 13,838	\$ 13,800	\$ 99,721	\$ 87,101	\$ 113,559	\$ 100,901
Operating Grants & Contributions	286	257	25	26	311	283
Capital Grants & Contributions	23,902	6,000	76,096	4,558	99,998	10,558
<i>General Revenues</i>						
Property Taxes	18,985	17,037	-	-	18,985	17,037
Sales Taxes	18,655	17,003	-	-	18,655	17,003
Other Taxes	1,939	1,331	-	-	1,939	1,331
Franchise Taxes	4,479	4,471	-	-	4,479	4,471
Interest	169	241	98	126	267	367
Other	39	1,129	-	4,919	39	6,048
Total Revenues	\$ 82,292	\$ 61,269	\$ 175,940	\$ 96,730	\$ 258,232	\$ 157,999
Expenses:						
Culture-recreation	10,438	9,775	-	-	10,438	9,775
Development	2,038	1,651	-	-	2,038	1,651
Fire	10,378	9,144	-	-	10,378	9,144
General government	5,239	6,447	-	-	5,239	6,447
Interest on long term debt	5,738	3,806	-	-	5,738	3,806
Police	12,863	12,042	-	-	12,863	12,042
Streets	9,486	5,459	-	-	9,486	5,459
Environmental Services	5,098	4,856	-	-	5,098	4,856
Electric	-	-	60,073	46,543	60,073	46,543
Water Services	-	-	24,159	22,844	24,159	22,844
Airport	-	-	3,290	3,172	3,290	3,172
Stormwater	-	-	2,638	2,204	2,638	2,204
Total Expenses	\$ 61,278	\$ 53,180	\$ 90,160	\$ 74,763	\$ 151,438	\$ 127,943
<i>Change in net position before transfers</i>	<i>21,014</i>	<i>8,089</i>	<i>85,780</i>	<i>21,967</i>	<i>106,794</i>	<i>30,056</i>
Transfers	7,616	11,720	(7,616)	(11,720)	-	-
Change in net position	28,630	19,809	78,164	10,247	106,794	30,056
Net Position - Beginning	216,902	198,803	266,980	257,859	483,882	456,662
Restatement	-	(1,710)	-	(1,126)	-	(2,836)
Net Position - Ending	\$ 245,532	\$ 216,902	\$ 345,144	\$ 266,980	\$ 590,676	\$ 483,882

The City's combined net position increased by \$107 million to \$591 million from \$484 million in FY 2013.

- Net position of Governmental Activities was \$245.5 million. Most of these assets are invested in capital assets or restricted for particular purposes, such as debt service or capital projects.
- The City's unrestricted net position for governmental activities, which can be used to finance day to day operations, totaled \$33.4 million. Of that total, \$2.9 million was unassigned fund balance available for future appropriations.
- Included in unrestricted net position are fund balances that are earmarked for particular purposes, such as parks improvements, street maintenance, development, and tourism. The balance of these funds at September 30, 2014 was \$4 million.
- Net position invested in capital assets net of related debt for governmental activities increased \$36.5 million, primarily due to developer contributed capital and additions to capital assets.
- Current year net position for business-type activities increased by \$78.2 million, primarily due to the acquisition of CTSUD, develop contributed capital, and capital assets.
- During 2014, the City invested \$21.5 million towards improving and expansion of utility infrastructure, compared to \$16.4 million in 2013.



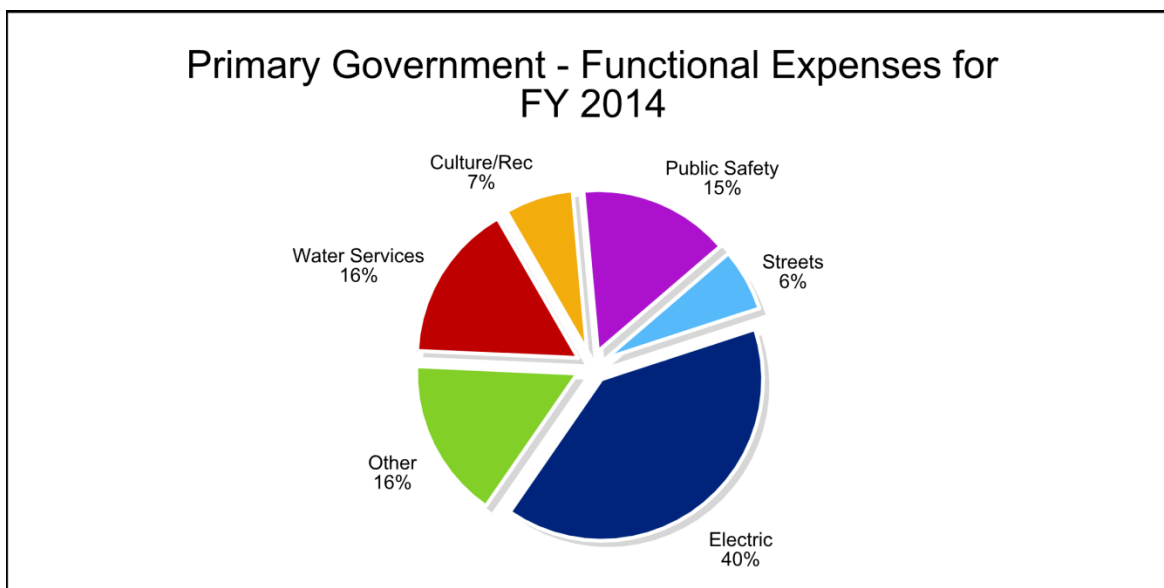
REVENUES

- **Program revenues** are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.
 - **Governmental activities program revenue** for the fiscal year ended September 30, 2014 was \$38 million. The *Charges for Services* category represents receipts primarily from environmental services, development and building inspection fees, parks fees, fire billing for services and court fines. Charges for services increased just slightly, to \$13.8 million in FY 2014, or 0.3% over prior year revenues. Other governmental program revenues included *operating and capital grants and contributions* for parks, fire and police programs, and streets. Capital grants and contributions totaled \$23.9 million compared to \$6 million last fiscal year due in part to the contribution of Garey Park and right of way and construction of FM 1460.
 - **Business-type activities program revenue** totaled \$175.9 million, a 91.8% increase over prior year. Capital grants and contributions were \$71.5 million higher than the prior year due primarily to the acquisition of CTSUD. *Charges for Services*, which represent receipts from utility customers for electric, water, and wastewater, increased \$12.6 million. Electric charges for service increased 7.9% due to strong load growth. Georgetown saw several new large customers begin service in 2014. Water charges for services increased 6.7% due to customer growth, particularly strong in the newly acquired CTSUD area. Other program revenues include airport fuel sales, hangar rentals and stormwater drainage fees.
- **General revenues** are revenues from taxes levied on behalf of the general government and other revenues used for general government activities not specific to a program or service. These revenues and notable changes are described below.
 - *Property taxes* totaled \$19 million. Included in these taxes are real and personal property levies which are assessed October 1, and payable before the following January 31.
 - Assessed valuations on existing properties were nearly flat, while total assessed valuation increased 4.8% compared to the prior year. The variance is attributed to \$124 million in new and annexed property.

CITY OF GEORGETOWN, TEXAS

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- The ad valorem tax rate for fiscal year 2014 was \$0.4395 per \$100 of assessed valuation. This is an increase of \$0.0295 over the prior year's rate of \$0.4100. The majority of the increase is funding new debt. The adopted tax rate is a 6.03% increase over the 2014 effective rate.
- *Sales taxes*, the City's second largest source of general revenue, totaled \$18.7 million for fiscal year 2014, which was an increase of 9.7% compared to the prior year. This increase in sales tax can be attributed to the continued economic growth in both retail sales and building materials. Changes in the law regarding sales tax on internet sales have also impacted the increase. Sales tax revenues represented 36% of the general revenue total in 2014, excluding the return-on-investment transfers from the utility funds.
- Hotel/motel taxes totaled \$628,246 compared to \$553,143 in FY 2013 and are included in *other taxes*.



EXPENSES

- **Expenses for governmental activities** totaled \$61.3 million, versus \$53.2 million in FY 2013. Total expenses were \$8.1 million higher than the prior year. Major expenses include the Environmental Services (sanitation) contract, salaries for providing services in the public safety area, as well as for parks and streets maintenance. Salary increases from the final phases of the market compensation plan was implemented this past year, along with merit increases effective January 2014. Other explanations for the increases are noted below.
 - Culture-recreation increased 6.8% over the prior year due in part to salary adjustments.
 - Development increased 23%, or \$387,000. The increase can be attributed to increased personnel and operating costs. Inspections implemented an Inspector step program this fiscal year.
 - Public Safety increased 9.7% due to the restructured STEP pay plan that was implemented January 2013.
 - Streets increased 73.8% due to the timing of scheduled maintenance, including chip seal, of the City's transportation system.

CITY OF GEORGETOWN, TEXAS

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- **Expenses for business-type activities** totaled \$90.1 million, a 20.6% increase over the prior year, which provided electric, water, and wastewater services for customers, as well as airport and stormwater drainage programs. Notable explanations for the changes are explained below.
 - Electric increased 29%. The increase in expenses for Electric are associated with three new positions, the one-time payment for the LCRA settlement, and increased operating costs due to growth.
 - Water services increased 5.8%. The increase can be attributed to higher operating and plant management expenses due to higher water sales.
 - The 3.7% increase at the Airport is related to the fluctuations in the price of fuel compared to FY 2013 and legal fees.
 - Stormwater saw a 19.7% increase over the prior year due to higher personnel and operating costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The City's Fund Balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council.

For the fiscal year ended September 30, 2014, the City's governmental funds reflect a combined fund balance of \$61.8 million.

The General Fund had a fund balance of \$12,172,679 for FY 2014, an decrease of \$877,000 over FY 2013. According to the Fiscal and Budgetary Policy of the City, the use of excess fund balance is limited to non-recurring one time only expenses. City Council voted to spend the excess funds for cash funding some general capital projects and set aside \$100,000 to create a perpetual Cemetery fund.

General Capital Project Fund had a fund balance of \$26.2 million for FY 2014 compared to \$40 million for FY 2013. This significant decrease is due to the construction of the new Public Safety and Training Complex, various Parks projects and Right of Way (ROW) acquisition for FM1460.

Non-major governmental funds include a decrease in fund balance of \$670,000 due to the funding and timing of street improvement projects in the Sales Tax Maintenance Fund.

General Debt Service Fund reflects an increase of \$159,000 in fund balance in FY 2014. This increase is due to higher ad valorem taxes collected for interest and sinking and the issuance of refunding bonds.

Georgetown Transportation Enhancement Corporation (GTEC), the City's blended component unit had a 14% increase in fund balance due to the timing of capital improvement projects. GTEC contributed \$3.6 million in transportation improvements to facilitate economic development in 2014.

Business-type Activities: The City's **proprietary fund** statements provide the same type of information found in government-wide financial statements, but in more detail.

Total unrestricted net position as of September 30, 2014 totaled \$57.6 million, which included \$14.1 million for Electric, \$42.5 million for Water and \$1 million for all other Non-Major funds. The change in net position for FY 2014 was \$78.2 million resulting primarily from the acquisition of CTSUD, continued growth in the City's utility systems and capital improvements.

CITY OF GEORGETOWN, TEXAS

MD&A

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget of the General Fund changed due to a budget amendment based on Council's recommendation to spend excess fund balance for cash funding some general capital projects and set aside \$100,000 to create a perpetual Cemetery fund. The variance between the actual ending fund balance at September 30, 2014 of \$10.4 million and the final budgetary fund balance of \$7.5 million is attributed to higher than expected sales tax and franchise tax revenues and higher development related revenues due to growth. Expenditures were less than budgeted primarily due to timing of projects and vacant positions.

CAPITAL ASSETS

The City's governmental activities (including the internal service funds) had invested \$312 million in a variety of capital assets and infrastructure. The City has \$363 million invested in its business-type activities capital assets. The detail is reflected in the following schedule:

Governmental Activities				
Change in Capital Assets*				
(In thousands)				
	Balance 9/30/2013	Additions	Deletions & Transfers	Balance 9/30/2014
<i>Non-depreciable Assets:</i>				
Land	\$ 9,855	\$ 11,866	\$ -	\$ 21,721
Construction in progress	16,600	32,567	(4,106)	45,061
Streets	159,346	2,740	-	162,086
<i>Other capital assets</i>				
Equipment	33,442	4,582	(810)	37,214
Buildings	56,216	825	(4,258)	52,783
Improvements	28,552	748	3,987	33,287
Bridges	10,277	-	-	10,277
<i>Less accumulated depreciation</i>	<i>(46,417)</i>	<i>(4,796)</i>	<i>989</i>	<i>(50,224)</i>
Capital Assets - Governmental	\$ 267,871	\$ 48,532	\$ (4,198)	\$ 312,205
Business-Type Activities				
Change in Capital Assets				
(In thousands)				
	Balance 9/30/2013	Additions	Deletions & Transfers	Balance 9/30/2014
<i>Non-depreciable Assets:</i>				
Land	\$ 2,572	\$ 827	\$ (373)	\$ 3,026
Construction in progress	12,233	12,933	(17,508)	7,658
<i>Other capital assets</i>				
Equipment	2,667	247	39	2,953
Buildings	6,949	650	-	7,599
Improvements	367,387	77,070	11,634	456,091
<i>Less accumulated depreciation</i>	<i>(104,147)</i>	<i>(10,541)</i>	<i>817</i>	<i>(113,871)</i>
Capital Assets - Business-Type	\$ 287,661	\$ 81,186	\$ (5,391)	\$ 363,456
City-wide Totals	\$ 555,532	\$ 129,718	\$ (9,589)	\$ 675,661

*Includes internal service funds assets, which are allocated to governmental activities

CITY OF GEORGETOWN, TEXAS

MD&A

The City prepared a complete inventory of street infrastructure assets in 2003 and 2004 and assigned a value to the inventory based upon the age of the street and construction indexes. This established a base line for inventory reporting under the modified approach for GASB 34 reporting.

The Council adopted a financial policy that establishes an average condition level of 85 to maintain the streets in “good” condition. The Pavement Condition Index (PCI) is a measurement scale for pavement condition, ranging from zero (poor) to 100 for pavement in perfect condition. The PCI for fiscal years 2005-2007 was 91 and 2008-2010 was 93. During 2014, the City contracted with Kasberg, Patrick and Associates to reassess the condition of the pavement management system. The PCI for 2014 was 87.3. The previous score was 87.7. This decrease can be attributed to recently annexed areas with streets needing improvements. This assessment is conducted every three years and will be reevaluated in 2017.

The City budgets approximately \$1.3 million annually of General Fund revenues for on-going street maintenance projects, along with the staff and maintenance costs of the street department. In addition, the City also budgets for the approximate \$2.3 million of funds received in dedicated 1/4 cent sales tax for street maintenance. The maintenance funds are allocated among various projects identified by the analysis to ensure funds are spent where needed to maintain the PCI adopted by Council.

Utility infrastructure maintenance is budgeted within the utility funds. For fiscal year 2014, funding for electric and water services infrastructure maintenance was \$1.2 million.

Major capital assets added in FY 2014 are noted below:

- General Capital Projects:
 - Construction in process projects \$24,700,000
 - Public Safety Operations and Training Center
 - Collection Station
 - FM 1460
 - River Trail Expansion \$1,167,000
 - Art Center \$477,000
 - San Gabriel Playscape \$560,000
 - San Gabriel Parking Lot \$475,000
- Utility Infrastructure and Capital Projects:
 - Enterprise Asset Management System – water & electric \$315,000
 - Electric distribution system expansion and improvements \$3,212,000
 - Electric Substations \$3,868,000
 - Sequoia Elevated Storage Tank \$857,000
 - Edwards Aquifer Recharge Zone compliance \$1,928,000
 - Lift stations & upgrades \$970,000
 - North Georgetown Addition \$697,000

For more detailed notes about the City’s capital assets, please see Note 5 to the financial statements.

CITY OF GEORGETOWN, TEXAS

MD&A

OUTSTANDING DEBT

City of Georgetown Outstanding Debt and Long-Term Liabilities						
(In thousands)						
	Govtl Activities		Bus-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 116,201	\$ 116,638	\$ 13,884	\$ 14,552	\$ 130,085	\$ 131,190
Premiums	2,394	100	1,974	635	4,368	735
Sales tax revenue bonds	8,470	8,955	-	-	8,470	8,955
Revenue Bonds	-	-	61,885	47,455	61,885	47,455
Compensated absence payable	4,204	3,778	818	775	5,022	4,553
Net pension obligation	1,275	1,274	140	140	1,415	1,414
Other Post Employment Benefits	627	460	-	-	627	460
Arbitrage rebate payable	-	15	-	-	-	15
Total Long Term Debt	\$ 133,171	\$ 131,220	\$ 78,701	\$ 63,557	\$ 211,872	\$ 194,777

- As of September 30, 2014, the City had a total of \$130 million in general obligation debt outstanding. This represents a 0.8% increase over prior year. This increase reflects \$4.8 million of General Obligation bonds for road projects.
- The state limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2014 debt levy equaled \$0.22353 per \$100 assessed valuation, or 14.9% of the maximum allowed.
- Other long-term debts included are compensated absence payable, net pension obligation, other post-employment benefits and arbitrage rebate payable. These experienced an increase over FY 2013 of \$622,000 primarily due to an increase in compensated absence payable.
- In April 2014, the City issued \$2.3 million in Combination Tax and Revenue Certificates of Obligation for parks projects. The City also issued \$13 million Utility System Revenue Bonds for electric transformers and system replacement; water system improvements to include a new elevated storage facility, and wastewater line upgrades.
- In May 2014, the City issued \$12,275,000 in General Obligation Refunding Bonds with an average interest rate of 3.3%. The City advanced refunded bonds to reduce its total debt service payments over the next 12 years to obtain a net economic gain of approximately \$703,000. The City also issued \$11,855,000 in Utility Revenue Refunding Bonds with an average interest rate of 3.1%. The City advanced refunded bonds to reduce its total debt service payments over the next 13 years to obtain a net economic gain of approximately \$627,000.
- In August 2014, the City issued \$5.35 million Utility System Revenue Bonds for purchasing CTSUD's interest in the City's Lake Georgetown Treatment Plant.
- A detailed analysis of the City's long-term debt is located in Note 6 to the financial statements.

CITY OF GEORGETOWN, TEXAS

MD&A

ECONOMIC FACTORS

During FY 2014, the City continued to see strong improvements in the local and regional economy. Total sales tax receipts grew to \$18.7 million, or by 9.7% over 2013, an increase over pre-economic downtown receipts for the 5th consecutive year. The growth in residential and commercial development continued in FY 2014 with \$232.3 million in new permits; while at the same time, unemployment continued to drop from 5.70% in 2013 to 4.6% in 2014. The residential growth in the City's utility service area, which includes both the city limits and the City's extra territorial jurisdiction (ETJ), continued its 2-4% growth rate.

The adopted FY 2015 budget assumes continued modest growth in new property of approximately \$163 million and an adopted tax rate decrease of 1.3% or \$0.434 per \$100 valuation. Sales tax revenues are expected to continue modest growth for FY 2014. This modest, but conservative, growth trend is also anticipated in the City's utility funds.

DISCRETELY PRESENTED COMPONENT UNIT

The Georgetown Economic Development Corporation (GEDCO) has been included in the reporting entity as a discretely presented component unit since it provides benefits to other entities aside from the City. Separate audited financial statements are not issued for GEDCO.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide City Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance & Administration Division
City of Georgetown
113 East 8th Street
Georgetown, Texas 78626
(512) 930-3676
www.georgetown.org



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BASIC FINANCIAL STATEMENTS

**CITY OF GEORGETOWN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Georgetown Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 28,119,987	\$ 20,178,366	\$ 48,298,353	\$ 2,458,191
Cash and cash equivalents - restricted	-	917,319	917,319	-
Investments	34,404,537	12,807,775	47,212,312	1,931,435
Investments - restricted	-	9,183,674	9,183,674	-
Prepaid items	274,676	3,735,643	4,010,319	-
Other	-	12,747	12,747	-
Accounts receivable				
Services (net of allowance for uncollectibles)	-	13,618,616	13,618,616	-
Other	9,921,324	1,848,142	11,769,466	323,634
Internal balances	(187,129)	187,129	-	-
Inventories	318,002	3,271,116	3,589,118	-
Long-term note receivable	-	986,372	986,372	-
Capital assets				
Land	21,720,508	3,025,803	24,746,311	448,745
Streets	162,085,903	-	162,085,903	-
Building and improvements	96,347,378	13,385,104	109,732,482	-
Machinery, furniture and equipment	37,214,759	2,952,929	40,167,688	-
Distribution system	-	382,032,355	382,032,355	-
Water system	-	68,273,698	68,273,698	-
Construction in progress	45,060,261	7,658,775	52,719,036	-
Accumulated depreciation	(50,223,791)	(113,872,122)	(164,095,913)	-
Total assets	385,056,415	430,203,441	815,259,856	5,162,005
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,262,027	1,871,751	4,133,778	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 387,318,442	\$ 432,075,192	\$ 819,393,634	\$ 5,162,005
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	\$ 7,092,519	\$ 6,566,630	\$ 13,659,149	\$ 3,926
Accrued employee benefits	117,518	338,534	456,052	-
Unearned revenue	832,215	-	832,215	4,000
Current portion of noncurrent liabilities	9,374,369	6,369,392	15,743,761	60,000
Accrued interest	573,734	338,620	912,354	-
Liabilities from restricted assets				
Construction contracts and retainages payable	-	477,377	477,377	-
Customer deposits	-	846,347	846,347	-
Noncurrent liabilities				
Accrued employee benefits	4,801,628	620,096	5,421,724	-
Long-term debt	118,994,606	71,373,748	190,368,354	926,373
Total liabilities	141,786,589	86,930,744	228,717,333	994,299
NET POSITION				
Net investment in capital assets	211,305,899	287,569,126	498,875,025	448,745
Restricted for				
Debt service	824,704	-	824,704	-
Unrestricted	33,401,250	57,575,322	90,976,572	3,718,961
Total net position	245,531,853	345,144,448	590,676,301	4,167,706
TOTAL LIABILITIES AND NET POSITION	\$ 387,318,442	\$ 432,075,192	\$ 819,393,634	\$ 5,162,005

The Notes to Financial Statements are an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
								Georgetown Economic Development Corporation
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
Culture-recreation	\$ 10,438,052	\$ 3,146,318	\$ 187,771	\$ 12,690,996	\$ 5,587,033	\$ -	\$ 5,587,033	\$ -
Development	2,037,449	1,942,914	-	15,655	(78,880)	-	(78,880)	-
Fire	10,378,471	1,200,894	48,607	-	(9,128,970)	-	(9,128,970)	-
General government	5,239,050	1,474,961	-	-	(3,764,089)	-	(3,764,089)	-
Police	12,862,736	805,728	50,053	-	(12,006,955)	-	(12,006,955)	-
Streets	9,486,497	1,021	-	11,195,150	1,709,674	-	1,709,674	-
Environmental services	5,097,618	5,266,815	-	-	169,197	-	169,197	-
Interest on long-term debt	5,738,394	-	-	-	(5,738,394)	-	(5,738,394)	-
Total governmental activities	61,278,267	13,838,651	286,431	23,901,801	(23,251,384)	-	(23,251,384)	-
Business-type activities								
Electric	60,073,430	60,319,235	-	700,922	-	946,727	946,727	-
Water	24,158,727	33,659,956	-	71,141,124	-	80,642,353	80,642,353	-
Airport	3,289,827	3,254,368	25,056	1,308,876	-	1,298,473	1,298,473	-
Stormwater	2,638,430	2,487,548	-	2,945,029	-	2,794,147	2,794,147	-
Total business-type activities	90,160,414	99,721,107	25,056	76,095,951	-	85,681,700	85,681,700	-
Total primary government	\$ 151,438,681	\$ 113,559,758	\$ 311,487	\$ 99,997,752	(23,251,384)	85,681,700	62,430,316	-
Component unit								
Georgetown Economic and Development Corporation	\$ 332,435	\$ -	\$ -	\$ -				(332,435)
General revenues								
Property tax					18,984,850	-	18,984,850	-
Sales tax					18,655,801	-	18,655,801	1,278,513
Taxes - other					1,939,217	-	1,939,217	-
Franchise taxes					4,478,899	-	4,478,899	-
Interest on investments					169,477	98,015	267,492	4,054
Other					36,854	-	36,854	167,214
Transfers					7,615,607	(7,615,607)	-	-
Total general revenues and transfers					51,880,705	(7,517,592)	44,363,113	1,449,781
Change in net position					28,629,321	78,164,108	106,793,429	1,117,346
Net position, beginning of the year					216,902,532	266,980,340	483,882,872	3,050,360
Net position, end of the year					\$ 245,531,853	\$ 345,144,448	\$ 590,676,301	\$ 4,167,706

The Notes to Financial Statements are
an integral part of this statement.



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FUND FINANCIAL STATEMENTS

**CITY OF GEORGETOWN, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,634,671	\$ -	\$ -	\$ 16,462,458	\$ 4,086,180	\$ 26,183,309
Investments	4,427,242	11,042,074	1,268,186	12,934,789	3,210,569	32,882,860
Accounts receivable (net of allowance for uncollectible accounts)						
Delinquent taxes	191,580	-	130,252	-	-	321,832
Sales tax	1,850,703	822,533	-	-	496,813	3,170,049
Grants	-	3,023,831	-	-	223,747	3,247,578
Other	1,788,005	-	-	20,000	853,413	2,661,418
Due from other funds	664,989	-	-	-	-	664,989
Prepaid items	11,050	-	-	-	-	11,050
Inventories	11,760	-	-	-	-	11,760
Total assets	\$ 14,580,000	\$ 14,888,438	\$ 1,398,438	\$ 29,417,247	\$ 8,870,722	\$ 69,154,845
LIABILITIES						
Accounts payable	\$ 1,871,213	\$ 440,776	\$ -	\$ 3,056,025	\$ 244,791	\$ 5,612,805
Due to other funds	-	-	-	-	619,048	619,048
Unearned revenue	344,528	-	-	195,765	291,922	832,215
Total liabilities	2,215,741	440,776	-	3,251,790	1,155,761	7,064,068
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	191,580	-	130,252	-	-	321,832
Total deferred inflows of resources	191,580	-	130,252	-	-	321,832
FUND BALANCE						
Nonspendable	22,810	-	-	-	-	22,810
Restricted	-	-	1,268,186	14,840,447	3,705,090	19,813,723
Committed	7,500,000	12,386,987	-	-	4,009,871	23,896,858
Assigned	1,755,953	2,060,675	-	11,325,010	-	15,141,638
Unassigned	2,893,916	-	-	-	-	2,893,916
Total fund balance	12,172,679	14,447,662	1,268,186	26,165,457	7,714,961	61,768,945
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 14,580,000	\$ 14,888,438	\$ 1,398,438	\$ 29,417,247	\$ 8,870,722	\$ 69,154,845

The Notes to Financial Statements are
an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balance - total governmental funds **\$ 61,768,945**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	299,999,795
capital assets, administrative services and information technology to the City's other funds. The assets and liabilities of the internal service funds are included in governmental functions in the statement of net position. The effect of this consolidation is to increase net position.	14,938,241
Premiums and discounts on issued bonds have not been included in the fund financial statements.	(2,393,974)
Bonds payable and contractual obligations are not due and payable in the current period therefore have not been included in the fund financial statements.	(124,670,602)
Deferred charges resulting from the issuance of refunding bonds are not recorded on the fund financial statements but are recorded as deferred outflows of resources on the statement of net position.	2,262,027
Accrued liabilities for accrued employee benefits are not due and payable in the current period therefore have not been included in the fund financial statements.	(6,106,027)
Liabilities for arbitrage are not due and payable in the current period therefore have not been reflected in the fund financial statements.	(14,650)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	321,832
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expense is reported when due.	(573,734)

Net position of governmental activities	\$ 245,531,853
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CITY OF GEORGETOWN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes						
Current	\$ 9,411,873	\$ -	\$ 9,429,014	\$ -	\$ -	\$ 18,840,887
Delinquent	47,484	-	33,966	-	-	81,450
Penalties and interest	76,910	-	-	-	-	76,910
Other	293,655	-	-	-	628,246	921,901
Property assessment	-	-	-	-	1,017,316	1,017,316
Sales tax	10,984,723	5,114,052	-	-	2,557,026	18,655,801
Franchise taxes	4,478,899	-	-	-	-	4,478,899
Licenses and permits	1,932,563	-	-	-	-	1,932,563
Charges for service	9,682,702	-	-	-	79,859	9,762,561
Fines and forfeitures	598,717	-	-	-	69,849	668,566
Donations and grants	442,565	2,734,039	-	4,699,040	360,571	8,236,215
Investment income	26,827	19,700	1,614	81,067	23,044	152,252
Other revenue	213,055	-	-	172,720	1,089,186	1,474,961
Total revenues	38,189,973	7,867,791	9,464,594	4,952,827	5,825,097	66,300,282
EXPENDITURES						
Current						
Culture - recreation	8,401,551	-	-	-	1,212,367	9,613,918
Development	2,003,688	-	-	-	295,691	2,299,379
Fire services	9,455,714	-	-	-	292,742	9,748,456
General government	3,013,544	314,839	-	83,910	-	3,412,293
Highways and streets	4,343,508	-	-	-	4,466,929	8,810,437
Police	11,687,498	-	-	-	187,583	11,875,081
Environmental services	5,092,327	-	-	-	-	5,092,327
Capital outlay	-	3,558,178	-	27,952,050	654,312	32,164,540
Debt service						
Principal retirement	-	485,000	7,280,414	-	-	7,765,414
Interest and fiscal charges	-	379,534	4,069,793	-	-	4,449,327
Total expenditures	43,997,830	4,737,551	11,350,207	28,035,960	7,109,624	95,231,172
Excess (deficiency) of revenues over (under) expenditures	(5,807,857)	3,130,240	(1,885,613)	(23,083,133)	(1,284,527)	(28,930,890)
Other financing sources (uses)						
Transfers in	6,964,508	495,638	1,842,672	1,545,500	1,722,327	12,570,645
Transfers out	(2,034,075)	(1,842,672)	-	(2,522,000)	(1,107,495)	(7,506,242)
Sale of property	-	-	-	3,550,000	-	3,550,000
Bond proceeds	-	-	-	6,641,000	-	6,641,000
Payment to refunding escrow agent	-	-	(11,911,063)	-	-	(11,911,063)
Refunding bonds issued	-	-	12,112,970	-	-	12,112,970
Total other financing sources (uses)	4,930,433	(1,347,034)	2,044,579	9,214,500	614,832	15,457,310
Net change in fund balances	(877,424)	1,783,206	158,966	(13,868,633)	(669,695)	(13,473,580)
FUND BALANCES, beginning of year	13,050,103	12,664,456	1,109,220	40,034,090	8,384,656	75,242,525
FUND BALANCES, end of year	\$ 12,172,679	\$ 14,447,662	\$ 1,268,186	\$ 26,165,457	\$ 7,714,961	\$ 61,768,945

The Notes to Financial Statements are
an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - governmental funds \$ (13,473,580)

Amounts reported for governmental activities in the statement of activities are different because:

The City uses internal service funds to charge the costs of certain activities, such as fleet management and information technology to appropriate functions in other funds. The assets and liabilities of internal service funds are allocated to the governmental activities on the statement of net position. The effect of this consolidation is to increase net position. The entry on the statement of activities reflects the change for FY 2014, which is allocated to governmental activities.	1,235,137
Current year capital outlays are expenditures in the fund statements, but are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2014 capital outlays is to increase net position.	32,164,540
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net assets.	(2,640,403)
Only the gain on the sale of assets is reported in the government-wide financial statements; whereas proceeds from the sale of capital assets are reported in the fund financial statements.	(3,495,921)
Capital assets contributed or donated to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.	15,952,017
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as either expenditures or revenues in governmental funds:	
Current year increase in bond premiums	(2,293,993)
Current year increase in deferred charge on refunding	1,002,503
Current year long-term debt principal payments on contractual obligation bonds payable are expenditures in the fund financial statements, but are shown as reductions in long term debt in the government-wide financial statements.	7,765,414
Current year bond proceeds are not shown as revenue in the government-wide financial statements.	(18,753,970)
Repayment of bond principal and the payment to escrow in conjunction with the advance refunding of debt are reported as expenditures in the fund financial statements, whereas the government-wide financial statements do not record the expenditures, rather it reflects a reduction to liabilities in the statement of net position.	11,911,063
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, the expenditure is reported when due.	2,425
Additions to vested sick leave and vacation liabilities are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net assets.	(563,844)
Annual required contribution for other post employment benefits and net pension obligation are recorded in the government-wide financial statements net of the expense recognized on current year actual contribution.	(167,668)
Revenue from property taxes are recognized in the fund financial statements on the modified accrual basis but are recognized on the accrual basis in the government-wide financial statements.	(14,399)

Change in net position of governmental activities \$ 28,629,321

The Notes to Financial Statements are
an integral part of this statement.

CITY OF GEORGETOWN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		2014 Actual Budgetary Basis	Variance to Final Budget
	Original	Final		
REVENUES				
Property taxes				
Current	\$ 9,650,000	\$ 9,650,000	\$ 9,411,873	\$ (238,127)
Delinquent	70,000	70,000	47,484	(22,516)
Penalties and interest	90,000	90,000	76,910	(13,090)
Sales tax	9,737,500	9,749,795	10,984,723	1,234,928
Franchise taxes	4,192,030	4,192,030	4,478,899	286,869
Licenses and permits	1,251,500	1,251,500	1,932,563	681,063
Charges for services	10,176,843	10,176,843	9,681,700	(495,143)
Fines and forfeitures	791,500	791,500	598,717	(192,783)
Other taxes	215,000	215,000	293,655	78,655
Investment income	25,000	25,000	26,908	1,908
Miscellaneous	1,045,747	1,045,747	656,615	(389,132)
Total revenues	37,245,120	37,257,415	38,190,047	932,632
EXPENDITURES				
Current				
Culture - recreation	8,574,428	8,687,503	8,503,839	183,664
Development	2,040,368	2,066,028	2,011,030	54,998
Environmental services	5,461,961	5,461,961	5,098,599	363,362
Fire services	9,477,027	9,477,027	9,477,021	6
General government	3,431,200	3,238,955	3,137,547	101,408
Highways and streets	5,035,795	5,035,795	4,285,067	750,728
Police services	11,933,251	11,967,736	11,673,164	294,572
Total expenditures	45,954,030	45,935,005	44,186,267	1,748,738
Excess (deficiencies) of revenues over expenditures	(8,708,910)	(8,677,590)	(5,996,220)	2,681,370
OTHER FINANCING SOURCES (USES)				
Transfers in	6,733,736	6,733,736	6,964,508	(230,772)
Transfers out	(321,886)	(2,043,206)	(2,034,075)	9,131
Total other financing sources (uses)	6,411,850	4,690,530	4,930,433	239,903
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
	(2,297,060)	(3,987,060)	(1,065,787)	2,921,273
FUND BALANCES, beginning of period	9,821,956	11,511,956	11,418,522	(93,434)
FUND BALANCES, end of period	\$ 7,524,896	\$ 7,524,896	10,352,735	\$ 2,827,839
Reverse current year encumbrances			1,755,953	
Record net unrealized gain on investments			(78)	
Reverse voided purchase orders			64,069	
FUND BALANCE - GAAP BASIS, end of period			\$ 12,172,679	

The Notes to Financial Statements are
an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

					Governmental Activities
	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,889,748	\$ 15,785,842	\$ 502,776	\$ 20,178,366	\$ 1,936,678
Cash and cash equivalents - restricted	473,954	443,365	-	917,319	-
Investments	3,056,230	9,356,506	395,039	12,807,775	1,521,677
Investments - restricted	372,408	8,811,266	-	9,183,674	-
Prepaid expenses	979,111	2,756,532	-	3,735,643	263,626
Accounts receivable					
Services (net of allowance for uncollectibles)	8,327,540	4,759,752	531,324	13,618,616	520,447
Other	698,637	1,149,505	-	1,848,142	-
Due from other funds	77,690	153,691	-	231,381	-
Inventories	3,105,411	149,305	16,400	3,271,116	306,242
Other	-	12,747	-	12,747	-
Total current assets	<u>20,980,729</u>	<u>43,378,511</u>	<u>1,445,539</u>	<u>65,804,779</u>	<u>4,548,670</u>
Noncurrent assets					
Long-term note receivables	-	986,372	-	986,372	-
Capital assets					
Land and land rights	1,259,415	784,888	981,500	3,025,803	214,066
Distribution system	120,756,277	227,219,935	34,056,143	382,032,355	-
Buildings and improvements	73,707	3,669,971	9,641,426	13,385,104	1,645,546
Machinery, furniture and equipment	2,112,232	672,108	168,589	2,952,929	29,236,662
Water system	-	68,273,698	-	68,273,698	-
Construction in progress	1,059,832	3,850,773	2,748,170	7,658,775	968,582
Less accumulated depreciation	(37,449,921)	(62,524,770)	(13,897,431)	(113,872,122)	(19,859,633)
Total capital assets (net of accumulated depreciation)	<u>87,811,542</u>	<u>241,946,603</u>	<u>33,698,397</u>	<u>363,456,542</u>	<u>12,205,223</u>
Total noncurrent assets	<u>87,811,542</u>	<u>242,932,975</u>	<u>33,698,397</u>	<u>364,442,914</u>	<u>12,205,223</u>
TOTAL ASSETS	<u>108,792,271</u>	<u>286,311,486</u>	<u>35,143,936</u>	<u>(430,247,693)</u>	<u>16,753,893</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	947,943	822,657	101,151	1,871,751	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 109,740,214</u>	<u>\$ 287,134,143</u>	<u>\$ 35,245,087</u>	<u>\$ 432,119,444</u>	<u>\$ 16,753,893</u>
LIABILITIES AND NET POSITION					
Current liabilities					
Accounts payable	\$ 4,347,592	\$ 1,813,908	\$ 405,130	\$ 6,566,630	\$ 1,465,065
Accrued employee benefits	190,423	119,735	28,376	338,534	50,729
Due to other funds	-	-	44,252	44,252	233,069
Current portion of long-term debt	2,619,358	3,291,817	458,217	6,369,392	-
Accrued interest	136,637	184,606	17,377	338,620	-
Total current liabilities	<u>7,294,010</u>	<u>5,410,066</u>	<u>953,352</u>	<u>13,657,428</u>	<u>1,748,863</u>
Liabilities from restricted assets					
Construction contracts and retainages payable	22,689	454,688	-	477,377	-
Customer deposits	846,347	-	-	846,347	-
Total liabilities from restricted assets	<u>869,036</u>	<u>454,688</u>	<u>-</u>	<u>1,323,724</u>	<u>-</u>
Total liabilities	<u>8,163,046</u>	<u>5,864,754</u>	<u>953,352</u>	<u>14,981,152</u>	<u>1,748,863</u>
Noncurrent liabilities					
Accrued employee benefits	405,385	173,807	40,904	620,096	66,789
Long-term debt	28,727,862	39,412,060	3,233,826	71,373,748	-
Total noncurrent liabilities	<u>29,133,247</u>	<u>39,585,867</u>	<u>3,274,730</u>	<u>71,993,844</u>	<u>66,789</u>
TOTAL LIABILITIES	<u>37,296,293</u>	<u>45,450,621</u>	<u>4,228,082</u>	<u>86,974,996</u>	<u>1,815,652</u>
Net position					
Net investment in capital assets	58,320,046	199,242,726	30,006,354	287,569,126	12,205,223
Unrestricted	14,123,875	42,440,796	1,010,651	57,575,322	2,733,018
Total net position	<u>72,443,921</u>	<u>241,683,522</u>	<u>31,017,005</u>	<u>345,144,448</u>	<u>14,938,241</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 109,740,214</u>	<u>\$ 287,134,143</u>	<u>\$ 35,245,087</u>	<u>\$ 432,119,444</u>	<u>\$ 16,753,893</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF GEORGETOWN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

					Governmental Activities
	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Service charges					
Electric	\$ 58,017,664	\$ -	\$ -	\$ 58,017,664	\$ -
Water	-	16,274,888	-	16,274,888	-
Wastewater	-	8,678,320	-	8,678,320	-
Other	943,529	4,053,886	5,710,859	10,708,274	20,767,475
Total operating revenues	58,961,193	29,007,094	5,710,859	93,679,146	20,767,475
OPERATING EXPENSES					
Electric	7,056,224	-	-	7,056,224	-
Water	-	8,561,671	-	8,561,671	-
Depreciation	3,883,974	5,568,473	1,088,904	10,541,351	2,146,079
Utility contracts	48,295,134	6,852,150	-	55,147,284	-
Plant management	-	2,162,072	-	2,162,072	-
Other	-	-	4,740,827	4,740,827	19,947,226
Total operating expenses	59,235,332	23,144,366	5,829,731	88,209,429	22,093,305
NET OPERATING INCOME (LOSS)	(274,139)	5,862,728	(118,872)	5,469,717	(1,325,830)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	21,187	72,663	4,165	98,015	17,225
Donations and grants	-	-	1,333,932	1,333,932	-
Interest and fiscal charges	(838,098)	(1,014,361)	(98,526)	(1,950,985)	-
Gain (loss) on disposed assets	-	-	-	-	(246,234)
Other	1,358,042	4,652,862	31,057	6,041,961	186,884
Total nonoperating revenues (expenses)	541,131	3,711,164	1,270,628	5,522,923	(42,125)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	266,992	9,573,892	1,151,756	10,992,640	(1,367,955)
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	700,922	71,141,124	2,945,029	74,787,075	51,888
Transfers in	-	69,108	153,850	222,958	2,877,779
Transfers out	(4,592,769)	(3,025,113)	(220,683)	(7,838,565)	(326,575)
Total contributions and transfers	(3,891,847)	68,185,119	2,878,196	67,171,468	2,603,092
Change in net position	(3,624,855)	77,759,011	4,029,952	78,164,108	1,235,137
TOTAL NET POSITION, beginning of period	76,068,776	163,924,511	26,987,053	266,980,340	13,703,104
TOTAL NET POSITION, end of period	\$ 72,443,921	\$ 241,683,522	\$ 31,017,005	\$ 345,144,448	\$ 14,938,241

The Notes to Financial Statements are
an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 60,335,061	\$ 32,283,008	\$ 5,773,610	\$ 98,391,679	\$ 20,688,323
Payments to suppliers	(51,601,003)	(15,212,830)	(3,809,901)	(70,623,734)	(10,844,312)
Payments to employees for services	(4,518,947)	(2,454,757)	(657,911)	(7,631,615)	(9,016,550)
Net cash provided by operating activities	4,215,111	14,615,421	1,305,798	20,136,330	827,461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	69,108	153,850	222,958	2,877,779
Transfers out	(4,592,769)	(3,025,113)	(220,683)	(7,838,565)	(326,575)
Net cash provided by (used for) noncapital financing activities	(4,592,769)	(2,956,005)	(66,833)	(7,615,607)	2,551,204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,890,590)	(6,507,139)	(1,046,646)	(9,444,375)	(4,694,575)
Donations and grants	-	-	25,056	25,056	-
Proceeds from issuance of long-term debt	5,765,000	16,339,478	459,000	22,563,478	-
Principal paid on revenue and certificates of obligation bonds	(1,403,471)	(5,677,988)	(381,040)	(7,462,499)	-
Interest paid on revenue and certificates of obligation bonds	(1,780,400)	(1,806,033)	(198,230)	(3,784,663)	-
Net cash provided by (used for) capital and related financing activities	690,539	2,348,318	(1,141,860)	1,896,997	(4,694,575)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	21,187	72,663	4,165	98,015	17,225
Change in temporary investments	748,042	(5,974,065)	(335,667)	(5,561,690)	1,142,265
Net cash provided by (used for) investing activities	769,229	(5,901,402)	(331,502)	(5,463,675)	1,159,490
Net increase (decrease) in cash and cash equivalents	1,082,110	8,106,332	(234,397)	8,954,045	(156,420)
CASH AND CASH EQUIVALENTS, beginning of year	3,281,592	8,122,875	737,173	12,141,640	2,093,098
CASH AND CASH EQUIVALENTS, end of year	\$ 4,363,702	\$ 16,229,207	\$ 502,776	\$ 21,095,685	\$ 1,936,678
CLASSIFIED AS					
Current assets	\$ 3,889,748	\$ 15,785,842	\$ 502,776	\$ 20,178,366	\$ 1,936,678
Restricted assets	473,954	443,365	-	917,319	-
Total	\$ 4,363,702	\$ 16,229,207	\$ 502,776	\$ 21,095,685	\$ 1,936,678
NON-CASH DISCLOSURE					
Developer contributions	\$ 700,922	\$ 71,141,124	\$ 2,945,029	\$ 74,787,075	\$ 51,888
Noncash grants received	-	-	1,308,876	1,308,876	-
OPERATING INCOME (LOSS)	\$ (274,139)	\$ 5,862,728	\$ (118,872)	\$ 5,469,717	\$ (1,325,830)
Adjustments to reconcile operating income (loss) to cash provided by operating activities					
Depreciation	3,883,974	5,568,473	1,088,904	10,541,351	2,146,079
Other income	1,358,042	4,652,862	31,057	6,041,961	186,884
Decrease (increase) in other assets	-	(12,747)	-	(12,747)	-
Decrease (increase) in prepaid expenses	(621,111)	(820,689)	-	(1,441,800)	(256,226)
Decrease (increase) in inventories	217,135	(149,305)	28,527	96,357	24,270
Decrease (increase) in accounts receivable	(51,443)	(1,376,948)	(12,558)	(1,440,949)	(499,105)
Decrease (increase) in customer deposits	67,269	-	-	67,269	-
Increase (decrease) in due to other funds	(77,690)	(153,691)	44,252	(187,129)	233,069
Increase (decrease) in accounts payable	(313,756)	1,028,411	244,578	959,233	338,492
Increase (decrease) in accrued employee benefits	26,830	16,327	(90)	43,067	(20,172)
Net cash provided by operating activities	\$ 4,215,111	\$ 14,615,421	\$ 1,305,798	\$ 20,136,330	\$ 827,461

The Notes to Financial Statements are
an integral part of this statement.

**CITY OF GEORGETOWN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2014**

ASSETS

Cash and cash equivalents	\$ 449,631
Accounts receivable	217,430
	<hr/>

TOTAL ASSETS

\$ 667,061

LIABILITIES

Accounts payable	\$ 449,631
Due to other governments	217,430
	<hr/>

TOTAL LIABILITIES

\$ 667,061

Notes Section



**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Georgetown, Texas, (the City), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Reporting Entity

The City of Georgetown was incorporated under the laws of the State of Texas in 1848 and operates under a Council-Manager form of government. The City's financial statements include the accounts of all City operations. Generally accepted accounting principles require all funds that are controlled by or are dependent on the City Council to be included in the City's financial statements. The reporting entity is the primary government, or the City, and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the potential component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government. Based upon these considerations, the City's financial statements include the Georgetown Transportation Enhancement Corporation (GTEC) as a blended component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government, and whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these considerations, the City's financial statements include the Georgetown Economic Development Corporation (GEDCO) as a discretely presented component unit.

Blended Component Unit

GTEC, the City's 4B economic development corporation, is a legally separate entity from the City that was created in May 2001 by voters approving an additional sales tax. GTEC is governed by a seven member board appointed by City Council, of which, four are Council members. The City Council maintains budgetary control over the corporation. The City Manager serves as the General Manager of the corporation and the City's Chief Financial Officer acts as the Financial Manager. For financial reporting purposes, GTEC is presented as a blended component unit within City operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues and expenditures for GTEC are accounted for in a general capital projects fund. The City issues debt on behalf of GTEC in exchange for pledged sales tax revenue that is transferred to the City to reimburse for debt service related to the bonds. GTEC's debt is shown in the Governmental Activities in the Statement of Net Position.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Reporting Entity – Continued

Discretely Presented Component Unit

GEDCO has been included in the reporting entity as a discretely presented component unit. GEDCO cannot be considered a blended component unit because the revenues are not only for the benefit of the City. GEDCO was created by the City in May 2005, under the Texas Development Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. It is funded through voter authorized sales tax. The five member Board, which includes three City Council members, is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance, therefore the City can impose its will on GEDCO. In the event of dissolution, net assets of GEDCO shall be converted to the City. Accordingly, the City accounts for GEDCO as a discretely presented component unit on the government-wide financial statements.

GEDCO is audited as part of the City of Georgetown; however, separately issued unaudited financial statements are available through the City of Georgetown's Finance Department.

Related Organizations

The Mayor and City Council are responsible for appointing a voting majority of the members of some local boards and commissions, but the City's accountability for these organizations does not extend beyond making the appointments. These entities are the Georgetown Industrial Development Corporation, Georgetown Hospital Authority, Georgetown Housing Authority, and Georgetown Higher Education Finance Corporation.

B. Basis of Presentation

Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Basis of Presentation – Continued

Government-wide Financial Statements

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

Governmental Fund Types

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The individual funds are described as follows:

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Basis of Presentation – Continued

Major Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Georgetown Transportation Enhancement Corporation – This capital projects fund is used to account for the City's 4B Corporation activities, created to administer the voter approved ½ cent sales tax for transportation improvements that aid in economic development efforts.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Capital Projects Fund – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of parks, buildings, and other facilities. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Non-major Governmental Funds

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Proprietary Fund Types

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Major Proprietary Funds

Electric Fund – This fund accounts for the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Basis of Presentation – Continued

Major Proprietary Funds - Continued

Water Services Fund – This fund accounts for the City's water, sewer and water reuse systems, including operations, contracted maintenance, internal maintenance, expansion of the system within the City's service territory and the costs of environmental mandates that arise.

Non-major Proprietary Funds

Enterprise Funds - The funds that are operated as enterprise funds within the City but are not considered major funds are the Stormwater Drainage and Airport Funds.

Internal Service Funds - The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated in the governmental column when presented at the government-wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment owned by the City and made available to various departments, costs related to maintaining and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal on-going operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Type – Agency Funds

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements. The City's fiduciary fund accounts for the operations of Cimarron Hills Public Improvement District in which taxes are received from the taxable value in Cimarron Hills and subsequently disbursed to the developer. It also accounts for the Texas Capital Fund Program whereby lease payments on certain property are received by the City and subsequently disbursed to the State of Texas.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund also uses the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from current available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Budgets

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. Budgets for all funds were legally adopted for the period. Budgetary control is exercised at the division level. All budgets are prepared on the budgetary basis, recognizing encumbrances outstanding at year-end as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

The Council may transfer any unencumbered appropriation balance or portion thereof from one division, office, department or agency to another at any time. The City Manager has authority, without Council approval, to transfer appropriation balances from one expenditure account to another within a single division, office, department, or agency of the City; however, unbudgeted transfers between funds are prohibited.

The Council may authorize by a majority plus one vote, an emergency expenditure as an amendment to the original budget, but only in a case of grave public necessity, to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable, diligent thought and attention.

Budget amounts are as originally adopted, or as transferred pursuant to authorization of the City Manager or amended by the City Council. Individual amendments were not material in relation to the original appropriations, with the exception of amendments related to capital projects and grant expenditures, whose actual costs were unknown when the budget was adopted. Unencumbered appropriations lapse each year at September 30.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary control in all governmental and proprietary funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are classified as restricted, committed, or assigned components of fund balance, as applicable, and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

F. Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

The operating cash balances from all funds are consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are stated at fair value, or market price as of September 30, 2014. Interest earnings are then allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service and bond proceeds reserved for future construction.

G. Restricted Assets

Certain cash and investments are restricted by various legal and contractual obligations. Included in the restricted assets are capital recovery fees (impact fees) restricted by law for future capital improvements and customer deposits.

H. Inventories and Prepaid Items

Inventories consist of electric materials, jet fuel, office and other supplies valued at the weighted average cost method and are recognized as expenditures or expenses when used. The prepaid items consist of required payments made to a vendor for a contract in the following fiscal year. These items are accounted for using the consumption method.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the Water Services Fund and interfund payables of the deficit fund.

J. Interfund Transactions

All legally authorized transfers have been appropriately presented as interfund transfers and are included in the fund financial statements of both Governmental and Proprietary Fund Types. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

K. Intergovernmental Revenues

Intergovernmental revenues represent entitlements and shared revenues which are accounted for within the fund financed. Such revenues, received for purposes normally financed through the general government, are accounted for within the Special Revenue Funds.

L. Accrued Employee Benefits

All employees may accumulate a maximum of two times their annual vacation, up to a cap of 240 hours, or 30 days paid upon termination. Upon termination, non-Civil Service employees will not receive payment of sick leave, unless they have a balance that originated prior to October 1, 2004. These employees were grandfathered under the old policy of receiving payment for one-half of their balance of sick leave up to 60 days at the rate of pay when the hours were banked. Upon termination, Civil Service employees are paid for the entire balance of their Civil Service sick leave earned after October 30, 2003 or October 30, 2006 (the effective date of the regulations in the City for fire civil service and police civil service employees, respectively), up to a maximum of 90 days. Civil Service employees hired prior to the effective date of the adoption of Civil Service regulations are also eligible under city policy to receive payment for one-half of their sick leave up to 60 days. Sick leave in excess of the maximums for both regular and Civil Service employees is not paid upon termination, but will be paid only upon illness while in the employ of the City.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Accrued Employee Benefits – Continued

Accumulated vacation and sick leave, which is expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position. No expenditure is reported for these amounts in the fund financial statements unless the benefits have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Accumulated vacation and sick leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

Net pension obligation (NPO) is recorded as an accrued employee benefit liability in the government-wide financials and the proprietary fund statements. The NPO is equal to the amount that the annual required contribution for the retirement plan, with Texas Municipal Retirement System, exceeds the actual contribution on a cumulative basis.

M. Capital Assets

Capital Assets other than Streets and Drainage

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized. Interest of \$336,001 was capitalized in enterprise funds during the 2014 fiscal year.

Depreciation for assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Distribution systems	25-50 years
Buildings and improvements	10-20 years
Furniture, fixtures and equipment	3-10 years

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Capital Assets – Continued

Capital Assets other than Streets and Drainage – Continued

The City records capital contributions to proprietary funds as revenue. Total capital contributions to the enterprise funds in fiscal year 2014 were \$74,787,075 and \$51,888 in the internal service funds. Contributed capital is not recorded for governmental type funds, but is recognized on the government-wide statements and totaled \$15,092,017 for the year ended September 30, 2014.

Capital Assets - Streets and Drainage

Governmental Accounting Standards Board Statement No. 34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service life at a locally established minimum standard. In order to adopt this alternative method, the City must use an asset management system, and must determine if the minimum standards are being maintained. This measurement occurs every three years at a minimum. The City has elected to use this alternative method for reporting its street infrastructure assets. The City contracted with the engineering firm of Kasberg, Patrick and Associates to complete pavement condition surveys for the City's street network during 2014.

The City uses the CarteGraph PavementView Pavement Management Information System to track the condition levels of each of the street sections. The entire streets inventory is captured in the system and the condition of the pavement is based on the following factors:

- Type of Distress
- Amount of Distress
- Severity of Distress
- Deduct Values (function of the first three)

The Pavement Condition Index (PCI) is a measurement scale based upon a condition index ranging from zero for a failed pavement to 100 for pavement with perfect condition. The condition index is used to classify pavement in the following conditions:

PCI	Rating
100-85	Good
84-45	Fair
44-0	Poor

The PCI for fiscal year 2014 is 87. The previous score for 2010-2013 was 88. This will be re-evaluated in 2017. The City's administrative policy is to maintain an average PCI level of 85. An 85 PCI is considered maintaining the streets in a "good" condition.

Staff prepares a street maintenance budget that meets this target for Council's consideration during the budget process.

CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net position and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

O. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's retirement plan and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

P. Comparative Data/Reclassification

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Q. Risk Financing Activity

The City of Georgetown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2014, the City purchased general liability and property insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP). The City pays an annual premium to TML-IRP for such coverage. TML-IRP purchases reinsurance and the City does not retain risks of loss exceeding deductibles. Settled claims have not exceeded insurance coverage in the past three years.

The workers compensation plan is administered and paid through the Texas Municipal League- Intergovernmental Risk Pool (TML-IRP). Under this plan, the City does not retain risks of loss exceeding the deductibles. TML-IRP also brokers the City's Aviation and Underground Storage Tank Pollution liability insurance, as well as, the canine and surgical vet coverage. The City does not retain the risks of loss exceeding the deductibles.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

R. Credit Risk

Financial investments which potentially subject the City to concentrations of credit risk consist principally of cash, investments and accounts receivable. At September 30, 2014, there was not a significant risk arising from cash, investments or accounts receivable.

S. Nature and Purpose of Reservations and Designation of Fund Equity

The City's Fund Balance is the accumulated difference between assets and liabilities within governmental funds, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. The City Council has adopted a financial standard to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and 75 days city-wide. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54.

The City's Fund Balance Reports Five Components

Non-spendable Fund Balance – includes inherently non-spendable assets that will never convert to cash, as well as, assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory and non-financial assets held for resale.

Restricted Fund Balance – represents the portion of fund balance that is restricted to specific purposes that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, such as hotel/motel tax and bond proceeds.

Committed Fund Balance – describes the portion of fund balance that can only be used for specific purposes with constraints imposed by the formal action of the City Council's adoption of an ordinance, and remains binding unless the City Council removes the limitation.

Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use for a specific purpose but is neither restricted nor committed. Assigned fund balances are determined by City management based on Council direction, in accordance with our financial policies adopted by resolution.

Unassigned Fund Balance – represents funds that have not been assigned to any other fund and cannot be properly classified in one of the other four categories within the general fund.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Nature and Purpose of Reservations and Designation of Fund Equity – Continued

Below is the residual classification for the general fund:

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund balance						
Nonspendable						
Inventory/prepays	\$ 22,810	\$ -	\$ -	\$ -	\$ -	\$ 22,810
Spendable						
Restricted for						
Debt service	-	-	1,268,186	-	-	1,268,186
Bond funds	-	-	-	14,840,447	-	14,840,447
Hotel/motel tax	-	-	-	-	579,118	579,118
Street maintenance tax	-	-	-	-	2,773,940	2,773,940
Public safety	-	-	-	-	-	-
Grants	-	-	-	-	226,367	226,367
Other purposes	-	-	-	-	125,665	125,665
Committed for						
Contingency	7,500,000	-	-	-	-	7,500,000
Other capital projects	-	12,386,987	-	-	-	12,386,987
Nonmajor funds	-	-	-	-	4,009,871	4,009,871
Assigned to						
Encumbrances	1,755,953	2,060,675	-	11,325,010	-	15,141,638
Unassigned	2,893,916	-	-	-	-	2,893,916
Total fund balance	<u>\$12,172,679</u>	<u>\$ 14,447,662</u>	<u>\$ 1,268,186</u>	<u>\$ 26,165,457</u>	<u>\$ 7,714,961</u>	<u>\$ 61,768,945</u>

When both restricted and unrestricted fund balance amounts are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which amounts in any of those unrestricted fund balance classifications are available.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

T. Deferred Outflows/Inflows of Resources – Continued

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

U. Net Position

Net position represents the difference between assets, liabilities and respective deferred outflow or inflows of resources. A portion of net position represents net investments in capital assets which is the total balance of the City's investment in capital assets less accumulated depreciation and the outstanding balances of any borrowing spent for that acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through (1) the enabling legislation adopted by the City, (2) through external restrictions imposed by grantors, or (3) laws or regulations of other governments.

NOTE 2. CASH AND INVESTMENTS

For cash flow purposes, cash and temporary investments consist of demand deposits, certificates of deposits, and authorized investment pools. The operating cash balance from all funds is consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are recorded at cost. Interest earnings are allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service, utility debt reserves, and bond proceeds reserved for future construction.

The investment policies of the City are governed by State statutes and a City Council adopted Investment Policy. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting requirements.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Deposits

Texas Statutes require that all bank deposits be insured or fully collateralized by the U.S. government obligations or obligations of the State of Texas and its agencies. Market value of the collateral pledged must equal at least 102% of the bank deposits not covered by federal deposit insurance.

At year-end, the carrying amount of the City's bank deposits was \$12,567,159 and the bank balances were \$12,295,823 all of which were entirely covered by Federal depository insurance or by collateral held by the City's agent bank in the City's name. The City's discretely presented component unit had a carrying amount of negative \$6,923 at year end, which is offset by daily liquidity deposits held in Texas Daily. In addition, the City's Certificates of Deposits of \$37,987,599 are insured or fully collateralized in accordance with Texas statutes as described above.

In order to maximize interest earnings, the City utilizes a controlled disbursement account, which allows the City to deposit only as much money as needed to fund checks presented each day.

Investments

The City is authorized to invest in certificates of deposit, direct obligations of the U.S. government, U.S. government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolios meet the City's investment requirements, and in qualified local government investment pools as approved by the City Council.

Market Risk

Market risk is the potential for a decline in market value due to rising interest rates. In compliance with the City's Investment Policy, as of September 30, 2014, the City minimized the market risk in the portfolio by limiting the weighted average maturity of security types to no longer than two years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Market Risk – Continued

The City's investments carried at fair value as of September 30, 2014, are:

	Primary Government	
	Fair Value	Weighted Average Maturity (days)
Investments		
Certificates of deposit	\$ 37,987,599	356
Texas local government investment pool (TexPool)	3,422,358	1
Texas short term asset reserve program (TexSTAR)	13,752,572	1
Viewpoint Bank money market	162,229	1
Comerica Bank money market	9,592,755	1
Southside Bank money market	10,056,174	1
BBVA Compass Bank money market	18,070,812	1
Total fair value of investments	<u>\$ 93,044,499</u>	
Portfolio weighted average maturity		145
Carrying amount - demand deposits	<u>\$ 12,567,159</u>	
Total cash and investments	<u>\$ 105,611,658</u>	
	Component Unit	
	Fair Value	Weighted Average Maturity (days)
Investments		
Certificates of deposit	\$ 1,001,582	364
Texas short term asset reserve program (TexSTAR)	(105,248)	1
Texas TERM investment pool (Texas Daily)	3,500,215	1
Total fair value of investments	<u>\$ 4,396,549</u>	
Portfolio weighted average maturity		84
Carrying amount - demand deposits	<u>\$ (6,923)</u>	
Total cash and investments	<u>\$ 4,389,626</u>	

Credit Risk

Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. In general, the lower the credit quality of a security, the higher the yield, with all other factors being equal. In compliance with the City's Investment Policy, as of September 30, 2014, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Credit Risk – Continued

For short-term liquidity requirements, the City primarily utilizes the Texas Short Term Asset Reserve Program (TexSTAR). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City also maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

The City also maintains an account with the TexasTERM Local Government Investment Pool. The TexasTERM Advisory Board has contracted with PFM Asset Management LLC to serve as administrator and investment advisor to the pool. US Bank, NA provides the custodial services to the pool. The City's account is in their TexasDAILY portfolio, a money market portfolio with daily liquidity.

The TexasTERM Local Government Investment Pool investments are designed to comply with all Texas statutes, including regulations for the allowable investment of public funds. The Pool's investors elect Advisory Board Members who are responsible for overall management of the Pool, including formulation and implementation of investment and operating policies.

At year end, balances in TexSTAR, TexPool and TexasTERM were rated AAAM by Standard & Poor's. All pools operate on a \$1 net asset value basis. In order to maintain a stable \$1 price of the fund, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their fair value.

During 2014, the City realized no gains or losses from the sale of investments, as the City's investment strategy is to invest to maturity. The City recognized a net increase in the fair value of investments held at year end of \$267.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. TAXES

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1st. Taxes become delinquent February 1st of the following year and are subject to interest and penalty charges. Under an agreement which began August 1, 2000, Williamson County Tax Office collects the City's taxes. In the fund financial statements, City property tax revenues are recognized when levied to the extent that they are collected in the current year. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply.

All collections from prior year levies are considered delinquent tax revenue for reporting purposes in the year collected. The allowance for uncollectible taxes at September 30, 2014 was \$8,252.

The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2014, was \$0.4395 per \$100 of assessed valuation.

The Williamson Central Appraisal District (Appraisal District) is responsible for the recording and appraisal of property for all taxing units in Williamson County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every four years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to an increase of no more than 8%.

In September 2004, voters approved an initiative to freeze property taxes for homeowners over the age of 65 or disabled. This measure mirrors the State of Texas Constitutional Amendment Proposition 13, which passed overwhelmingly statewide in 2003. Prop 13 gives local governments the option of "freezing" taxes for the elderly and disabled.

Sales Taxes

The City has adopted the provisions of Article 1066C, Vernon's Texas Civil Statutes, as amended, which grant the City the power to impose and levy a 1% Local Sales and Use Tax within the City. Proceeds of the tax are credited to the General Fund except for sales taxes generated at the airport which are credited to the Airport (Enterprise) Fund. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits to the City monthly the proceeds of the tax, after deduction of a 2% service fee.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. TAXES

Sales Taxes – Continued

On October 1, 2001, the City began collecting an additional ½ cent sales tax for its component unit, GTEC, to fund transportation improvements that promote economic development. These funds are reported in the GTEC General Capital Projects Fund, a blended component unit of the City.

On April 1, 2003, the City began collecting an additional ¼ cent sales tax in accordance with Texas House Bill 445 to fund maintenance on streets that were in existence at the time the sales tax was adopted by the voters. In November 2010, the citizens readopted this ¼ cent sales tax option. The sunset provision will expire in March 2015. These funds are reported in the Streets Special Revenue Fund.

On October 1, 2005, the City began collecting an additional 1/8 cent sales tax in accordance with the Texas Development Corporation Act of 1979, Article 5190.6, Section 4A Texas Revised Civil Statutes for the promotion and development of new and expanded business enterprises. This sales tax is administered through GEDCO.

On October 1, 2005, the City began collecting an additional 1/8 cent sales tax to be used toward the reduction of ad valorem property taxes. Proceeds are credited to the City's General Fund.

NOTE 4. TRANSFERS

	Transfers In						Enterprise Funds			Total Transfers Out
	Governmental Funds						Major Funds		Nonmajor Funds	
	Major Funds			Nonmajor Funds						
	General Fund	Debt Service	GTEC	General Capital Projects	Special Revenue	Internal Services	Water	Nonmajor Enterprise Funds		
Governmental funds										
Major funds										
General fund	\$ -	\$ -	\$ -	\$ 1,375,500	\$ 621,327	\$ 37,248	\$ -	\$ -	\$ -	\$ 2,034,075
GTEC	-	1,842,672	-	-	-	-	-	-	-	1,842,672
General capital projects	-	-	-	-	955,000	1,436,000	-	-	131,000	2,522,000
Nonmajor funds										
Special revenue funds	95,244	-	495,638	-	146,000	370,613	-	-	-	1,107,495
Internal service funds	1,500	-	-	170,000	-	154,260	-	-	815	326,575
Enterprise funds										
Major funds										
Electric	4,363,571	-	-	-	-	160,090	69,108	-	-	4,592,769
Water services	2,327,097	-	-	-	-	698,016	-	-	-	3,025,113
Nonmajor funds										
Nonmajor enterprise funds	177,096	-	-	-	-	21,552	-	-	22,035	220,683
	<u>\$ 6,964,508</u>	<u>\$ 1,842,672</u>	<u>\$ 495,638</u>	<u>\$ 1,545,500</u>	<u>\$ 1,722,327</u>	<u>\$ 2,877,779</u>	<u>\$ 69,108</u>	<u>\$ 153,850</u>		<u>\$ 15,671,382</u>
Transfers eliminated in government-wide statements										8,055,775
Net transfers - statement of activities										<u>\$ 7,615,607</u>

The net transfers between the governmental types and business types total \$7,615,607. Per the City's fiscal and budgetary policy, utility operations transfer seven percent of gross billings for utility services to the General fund as a payment of the profits of the fund or a return on investment. Other types of transfers include grant matching, fire hydrant testing, equipment purchases and capital project funding.

CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance 9/30/2013	Additions	Deletions and Transfers	Balance 9/30/2014
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,854,700	\$11,865,808	\$ -	\$ 21,720,508
Streets	159,346,368	2,739,535	-	162,085,903
Construction in progress	16,599,986	32,566,579	(4,106,304)	45,060,261
Total capital assets not being depreciated	<u>185,801,054</u>	<u>47,171,922</u>	<u>(4,106,304)</u>	<u>228,866,672</u>
Capital assets being depreciated				
Equipment	33,441,873	4,582,419	(809,533)	37,214,759
Buildings	56,215,712	825,188	(4,257,397)	52,783,503
Improvements	38,829,126	748,231	3,986,518	43,563,875
Total capital assets being depreciated	<u>128,486,711</u>	<u>6,155,838</u>	<u>(1,080,412)</u>	<u>133,562,137</u>
Less accumulated depreciation for				
Equipment	(23,384,086)	(2,514,914)	572,945	(25,326,055)
Buildings	(10,704,000)	(1,250,509)	416,160	(11,538,349)
Improvements	(12,329,046)	(1,030,341)	-	(13,359,387)
Total accumulated depreciation	<u>(46,417,132)</u>	<u>(4,795,764)</u>	<u>989,105</u>	<u>(50,223,791)</u>
Total capital assets being depreciated, net	<u>82,069,579</u>	<u>1,360,074</u>	<u>(91,307)</u>	<u>83,338,346</u>
Governmental activities capital assets, net	<u>\$ 267,870,633</u>	<u>\$48,531,996</u>	<u>\$ (4,197,611)</u>	<u>\$ 312,205,018</u>
	Balance 9/30/2013	Additions	Deletions and Transfers	Balance 9/30/2014
Electric activities				
Capital assets not being depreciated				
Land	\$ 1,120,807	\$ 511,871	\$ (373,263)	\$ 1,259,415
Construction in progress	271,916	3,687,378	(2,899,462)	1,059,832
Total capital assets not being depreciated	<u>1,392,723</u>	<u>4,199,249</u>	<u>(3,272,725)</u>	<u>2,319,247</u>
Capital assets being depreciated				
Equipment	2,068,846	21,499	21,887	2,112,232
Buildings	73,707	-	-	73,707
Improvements	119,932,484	1,904,837	(1,081,044)	120,756,277
Total capital assets being depreciated	<u>122,075,037</u>	<u>1,926,336</u>	<u>(1,059,157)</u>	<u>122,942,216</u>
Less accumulated depreciation for				
Equipment	(784,179)	(94,601)	-	(878,780)
Buildings	(34,476)	(1,644)	-	(36,120)
Improvements	(33,564,414)	(3,787,729)	817,122	(36,535,021)
Total accumulated depreciation	<u>(34,383,069)</u>	<u>(3,883,974)</u>	<u>817,122</u>	<u>(37,449,921)</u>
Total capital assets being depreciated, net	<u>87,691,968</u>	<u>(1,957,638)</u>	<u>(242,035)</u>	<u>85,492,295</u>
Electric activities capital assets, net	<u>\$ 89,084,691</u>	<u>\$ 2,241,611</u>	<u>\$ (3,514,760)</u>	<u>\$ 87,811,542</u>

CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance 9/30/2013	Additions	Deletions and Transfers	Balance 9/30/2014
Water services activities				
Capital assets not being depreciated				
Land	\$ 469,355	\$ 315,533	\$ -	\$ 784,888
Construction in progress	11,921,546	5,961,186	(14,031,959)	3,850,773
Total capital assets not being depreciated	12,390,901	6,276,719	(14,031,959)	4,635,661
Capital assets being depreciated				
Equipment	446,588	225,520	-	672,108
Buildings	3,019,793	650,178	-	3,669,971
Improvements	211,068,057	72,210,685	12,214,891	295,493,633
Total capital assets being depreciated	214,534,438	73,086,383	12,214,891	299,835,712
Less accumulated depreciation for				
Equipment	(326,369)	(39,549)	-	(365,918)
Buildings	(1,817,447)	(94,741)	-	(1,912,188)
Improvements	(54,812,480)	(5,434,184)	-	(60,246,664)
Total accumulated depreciation	(56,956,296)	(5,568,474)	-	(62,524,770)
Total capital assets being depreciated, net	157,578,142	67,517,909	12,214,891	237,310,942
Water services activities capital assets, net	\$ 169,969,043	\$ 73,794,628	\$ (1,817,068)	\$ 241,946,603
Other nonmajor business-type activities				
Capital assets not being depreciated				
Land	\$ 981,500	\$ -	\$ -	\$ 981,500
Construction in progress	40,250	3,284,692	(576,772)	2,748,170
Total capital assets not being depreciated	1,021,750	3,284,692	(576,772)	3,729,670
Capital assets being depreciated				
Equipment	151,627	-	16,962	168,589
Buildings	3,856,218	-	-	3,856,218
Improvements	36,386,834	2,954,691	499,826	39,841,351
Total capital assets being depreciated	40,394,679	2,954,691	516,788	43,866,158
Less accumulated depreciation for				
Equipment	(160,345)	(122)	90	(160,377)
Buildings	(2,674,336)	-	698,886	(1,975,450)
Improvements	(9,973,846)	(1,088,782)	(698,976)	(11,761,604)
Total accumulated depreciation	(12,808,527)	(1,088,904)	-	(13,897,431)
Total capital assets being depreciated, net	27,586,152	1,865,787	516,788	29,968,727
Other nonmajor business-type activities capital assets, net	\$ 28,607,902	\$ 5,150,479	\$ (59,984)	\$ 33,698,397

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance 9/30/2013	Additions	Deletions and Transfers	Balance 9/30/2014
Total business-type activities				
Capital assets not being depreciated				
Land	\$ 2,571,662	\$ 827,404	\$ (373,263)	\$ 3,025,803
Construction in progress	12,233,712	12,933,256	(17,508,193)	7,658,775
Total capital assets not being depreciated	14,805,374	13,760,660	(17,881,456)	10,684,578
Capital assets being depreciated				
Equipment	2,667,061	247,019	38,849	2,952,929
Buildings	6,949,718	650,178	-	7,599,896
Improvements	367,387,375	77,070,213	11,633,673	456,091,261
Total capital assets being depreciated	377,004,154	77,967,410	11,672,522	466,644,086
Less accumulated depreciation for				
Equipment	(1,270,893)	(134,272)	90	(1,405,075)
Buildings	(4,526,259)	(96,385)	698,886	(3,923,758)
Improvements	(98,350,740)	(10,310,695)	118,146	(108,543,289)
Total accumulated depreciation	(104,147,892)	(10,541,352)	817,122	(113,872,122)
Total capital assets being depreciated, net	272,856,262	67,426,058	12,489,644	352,771,964
Total business-type activities capital assets, net	\$ 287,661,636	\$ 81,186,718	\$ (5,391,812)	\$ 363,456,542

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities	
Culture/recreation	\$ 524,729
Fire	133,694
General government	1,198,647
Highways and streets	623,907
Police	168,708
Internal service funds	2,146,079
Total depreciation expense governmental activities	\$ 4,795,764
Business-type activities	
Electric	\$ 3,883,974
Water services	5,568,474
Nonmajor	1,088,904
Total depreciation expense business-type activities	\$ 10,541,352

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS – CONTINUED

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets (net of related debt)			
Total capital assets (net of accumulated depreciation)	\$ 312,205,018	\$ 363,456,542	\$ 675,661,560
Less long-term debt	(127,064,576)	(77,743,140)	(204,807,716)
Add unspent bond proceeds	26,165,457	1,855,724	28,021,181
Net long-term debt	(100,899,119)	(75,887,416)	(176,786,535)
Net investment in capital assets (net of related debt)	<u>\$ 211,305,899</u>	<u>\$ 287,569,126</u>	<u>\$ 498,875,025</u>

NOTE 6. LONG-TERM DEBT

A. Overview

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2014:

	Balance, September 30, 2013	Additions	Retirements	Balance September 30, 2014	Due Within One Year
Governmental activities					
General obligation bonds (payable from tax pledge)	\$116,638,107	\$ 18,753,970	\$ (19,191,475)	\$116,200,602	\$ 7,363,520
Premiums	99,981	2,444,360	(150,367)	2,393,974	201,450
Sales tax revenue bonds	8,955,000	-	(485,000)	8,470,000	505,000
Compensated absences	3,640,073	1,605,599	(1,041,755)	4,203,917	1,304,399
Net pension obligation	1,274,403	677	-	1,275,080	-
Other post employment benefits	460,039	166,991	-	627,030	-
Total governmental activities	131,067,603	22,971,597	(20,868,597)	133,170,603	9,374,369
Business-type activities					
Revenue bonds	47,455,000	30,205,000	(15,775,000)	61,885,000	5,003,335
Premiums	635,268	1,338,473	-	1,973,741	172,912
Compensated absences	775,254	361,596	(318,530)	818,320	338,534
Net pension obligation	140,310	-	-	140,310	-
General obligation bonds (payable from airport, storm- water and electric revenues)	14,551,893	621,030	(1,288,524)	13,884,399	1,193,145
Total business-type activities	63,557,725	32,526,099	(17,382,054)	78,701,770	6,707,926
Total long-term debt	<u>\$194,625,328</u>	<u>\$ 55,497,696</u>	<u>\$ (38,250,651)</u>	<u>\$211,872,373</u>	<u>\$ 16,082,295</u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

A. Overview – Continued

Liabilities for compensated absences, net pension obligation and other post-employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

At September 30, 2014, there was \$57,225,000 of authorized but unissued general obligation bonds. There are no authorized but unissued revenue bonds. The City is in compliance with all bond ordinances.

Fiscal Year Ending September 30	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 7,868,520	\$ 4,295,307	\$ 6,196,480	\$ 2,743,884	\$ 14,065,000	\$ 7,039,191
2016	8,241,932	3,973,571	5,388,068	2,422,208	13,630,000	6,395,779
2017	8,367,566	3,718,894	5,562,434	2,243,958	13,930,000	5,962,852
2018	7,946,124	3,451,150	5,738,876	2,074,426	13,685,000	5,525,576
2019	7,677,546	3,203,413	5,297,454	1,900,798	12,975,000	5,104,211
2020-2024	37,887,928	12,321,032	23,417,072	6,882,678	61,305,000	19,203,710
2025-2029	28,566,647	5,875,196	17,768,353	2,893,572	46,335,000	8,768,768
2030-2034	13,169,339	2,024,086	6,400,662	655,104	19,570,001	2,679,190
2035-2039	4,945,000	326,650	-	-	4,945,000	326,650
	<u>\$ 124,670,602</u>	<u>\$ 39,189,299</u>	<u>\$ 75,769,399</u>	<u>\$ 21,816,628</u>	<u>\$ 200,440,001</u>	<u>\$ 61,005,927</u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

B. General Obligation Debt

A summary of tax-supported general obligation debt outstanding at September 30, 2014:

\$4,130,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5% (portion included below)	\$ 180,000
\$14,080,165, 2005 General obligation and Refunding bonds due in annual installments through August 15, 2020; interest at 3% to 4.75% (portion included below)	3,671,046
\$7,100,000, 2005A General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 3.5% to 4.75%	345,000
\$4,135,000, 2006 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2026; interest at 4% to 4.625% (portion included below)	1,443,368
\$13,070,000, 2007 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 4% to 4.625% (portion included below)	3,725,527
\$8,715,000, 2007 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2027; interest at 4% to 4.5%	1,600,000
\$4,395,000, 2008 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2028; interest at 3.5% to 4.625% (portion included below)	2,443,089
\$5,400,000, 2009 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 3% to 5% (portion included below)	4,435,000
\$2,433,565, 2009 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 2% to 4.5% (portion included below)	1,507,865
\$2,487,351, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 1.75% to 4.15% (portion included below)	2,110,000
\$1,370,000, 2010 General obligation bonds due in annual installments through August 15, 2029; interest at 3% to 4.5%	1,185,000

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

B. General Obligation Debt – Continued

\$11,930,000, 2010A General obligation bonds due in annual installments through August 15, 2030; interest at 2% to 3.5%	\$ 10,835,000
\$9,720,000, 2011 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2031; interest at 2% to 4%	8,270,000
\$12,500,000, 2012 General obligation bonds due in annual installments through August 15, 2037; interest at 1.5% to 3.625%	12,155,000
\$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375% (portion included below)	1,392,500
\$1,016,532, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25% (portion included below)	867,948
\$12,500,000, 2012A General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.25% (portion included below)	12,165,000
\$9,500,000, 2013 General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.375% (portion included below)	9,210,000
\$9,646,983, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0% (portion included below)	9,322,641
\$4,800,000, 2014 General obligation bonds due in annual installments through August 15, 2034; interest at 2.0% to 3.60%	4,800,000
\$1,841,000, 2014 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2034; interest at 3.00% to 3.625% (portion included below)	1,841,000
\$12,112,970, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% (portion included below)	9,551,325
Total	<u><u>\$ 103,056,309</u></u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

B. General Obligation Debt – Continued

A summary of self-supporting general obligation debt outstanding at September 30, 2014:

\$435,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits.	\$ 187,653
\$1,804,835, 2005 General obligation and Refunding bonds due in annual installments through August 15, 2020; interest at 3% to 4.75%; portion dedicated for Airport Improvements, \$1,240,200, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$457,840, to be paid through monthly fees charged to utility customers within City limits.	428,954
\$4,175,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	1,797,347
\$7,830,000, 2006 Combination tax & revenue refunding bonds due in annual installments through August 15, 2024; interest at 4.2% to 5%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	4,075,000
\$1,235,000, 2006 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2026; interest at 4% to 4.625%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	586,632
\$439,666, 2007 General obligation and Refunding bonds due in annual installments through August 15, 2021; interest at 4% to 4.625%; portion dedicated for Airport Improvements, \$23,855, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$415,811, to be paid through monthly fees charged to utility customers within City limit.	194,476
\$750,000, 2008 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2028; interest at 3.5% to 4.625%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits.	416,911
\$1,076,435, 2009 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 2% to 4.5%; portion dedicated for Airport Improvements, \$58,375, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$1,018,060 to be paid through monthly fees charged to utility customers within the City limits.	477,135

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

B. General Obligation Debt – Continued

\$1,010,000, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 1.75% to 4.15%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits.	\$ 865,000
\$3,035,000, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2019; interest at 1.75% to 3.1%; paid through Electric utility revenues.	1,850,000
\$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	1,392,500
\$195,000 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2016; interest at 2.0% to 4.0%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	195,000
\$2,165,180, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	1,848,701
\$5,233,289, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; paid through Electric utility revenues.	4,468,352
\$4,065,000, 2013 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2033; interest at 2.0% to 3.25%; to be paid through Electric and Water utility revenues.	3,950,000
\$442,408, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; portion dedicated for Airport Improvements, \$254,219, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$188,189 to be paid through monthly fees charged to utility customers within the City limits.	427,532
\$915,616, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	884,832

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

B. General Obligation Debt – Continued

\$459,000, 2014 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2034; interest at 3.00% to 3.625% to be paid through monthly Stormwater Drainage fees charged to utility.	\$ 459,000
\$162,030, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% portion dedicated for Airport Improvements, \$8,593, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$153,438, to be paid through monthly fees charged to utility customers within City limit.	159,382
\$12,112,970, 2014 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 2.00% to 4.00% designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax.	<u>2,364,285</u>
Subtotal self-supported general obligation debt	<u>27,028,692</u>
Total outstanding general obligation debt as of September 30, 2014	<u><u>\$ 130,085,001</u></u>
This amount is reported in the government-wide statements of activities as:	
Governmental activities	\$ 116,200,602
Business-type activities	<u>13,884,399</u>
	<u><u>\$ 130,085,001</u></u>

C. General Obligation Advanced Refunding/Defeasance

On May 14, 2014, the City issued \$12,275,000 in General Obligation Refunding Bonds Series 2014 with an interest rate of 2.0%-4.0% to refund \$940,000 of outstanding Series 2006 Combination Tax and Utility System Limited Revenue Certificates of Obligations Bonds, \$2,085,000 of outstanding Series 2006 Limited Tax Refunding Bonds, \$2,985,000 of outstanding Series 2007 Combination Tax and Revenue Certificates of Obligations Bonds, and \$6,060,000 of outstanding Series 2007 General Obligation and Refunding Bonds. The net proceeds (after insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased series bonds. As a result, the following bonds are considered to be defeased and the liabilities for those bonds have been removed from the financial statements.

The City advance refunded these bonds to reduce its total debt service payments over the next 11 years by approximately \$805,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$703,000.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT – CONTINUED

C. General Obligation Advanced Refunding/Defeasance – Continued

In prior years, the City defeased bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2014, the outstanding balance of the defeased bonds is \$39,345,000.

D. Sales Tax Revenue Debt – Georgetown Transportation Enhancement Corporation

A summary of sales tax revenue debt outstanding at September 30, 2014 follows:

\$11,330,000, 2007 Senior lien sales tax revenue bonds due in annual installments through August 15, 2027; interest at 4% to 4.5%; repaid with 1/2 cent sales tax revenue	<u>\$ 8,470,000</u>
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Total outstanding sales tax revenue debt as of September 30, 2014	<u><u>\$ 8,470,000</u></u>
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E. Discretely Presented Component Unit – Loan Payable

Georgetown Economic Development Corporation (GEDCO) received a loan from the Water Services Fund as part of a tri-party agreement for economic development. The loan repayment schedule by GEDCO is as follows:

Fiscal Year Ending September 30	GEDCO	
	Principal	Interest
2015	\$ 60,000	\$ 42,800
2016	60,000	40,400
2017	65,000	38,000
2018	65,000	35,400
2019-2023	375,000	133,650
2024-2027	361,373	42,750
	\$ 986,373	\$ 333,000

CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT – CONTINUED

F. Revenue Debt

A summary of revenue bonds outstanding at September 30, 2014:

\$1,225,000, 1998-B Taxable Utility System Revenue & Refunding bonds due in annual installments through August 15, 2015; interest at 6.15% to 6.65%	\$ 95,000
\$4,025,000 2005 Utility System Revenue bonds due in annual installments through August 15, 2025; interest at 2.85% to 4.75%	190,000
\$8,665,000 2006 Utility System Revenue bonds due in annual installments through August 15, 2026; interest at 4% to 4.625%	2,245,000
\$3,205,000, 2006 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2020; interest at 4% to 4.5%	925,000
\$8,250,000 2007 Utility System Revenue bonds due in annual installments through August 15, 2027; interest at 4% to 4.5%	2,509,015
\$3,935,000, 2007 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2021; interest at 4% to 4.25%	1,125,985
\$9,415,000, 2008 Utility System Revenue bonds due in annual installments through August 15, 2028; interest at 3.5% to 4.625%	7,390,000
\$7,055,000, 2008 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2048; interest at 3.5% to 4%	1,620,000
\$10,120,000, 2010 Utility System Revenue bonds due in annual installments through August 15, 2029; interest at 3% to 4%	8,815,000
\$7,715,000, 2012 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2023; interest at 2% to 4%	6,910,000
\$11,855,000, 2014 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2027; interest at 2% to 4%	11,710,000
\$13,000,000, 2014 Utility System Revenue bonds due in annual installments through August 15, 2034; interest at 2% to 4%	13,000,000
\$5,350,000, 2014A Utility System Revenue bonds due in annual installments through August 15, 2031; interest at 1% to 4%	5,350,000
Total outstanding revenue debt as of September 20, 2013	<u>\$ 61,885,000</u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG – TERM DEBT – CONTINUED

G. Revenue Bond Advanced Refunding/Defeasance

All net revenues of the electric and water services system are pledged for the payment of debt service for the revenue bonds. Net revenues, as defined by the various bond ordinances, include income and revenues derived from the operation of the system, after deduction of the amount necessary to pay all operating, maintenance, replacement and betterment charges of the system.

These bond ordinances require that the net revenues, as defined, equal at least 1.25 times the average annual debt service on all revenue bonds. The City was in compliance with this requirement at September 30, 2014.

On May 14, 2014, the City issued \$11,855,000 in Utility System Revenue Refunding Bonds Series 2014 with an interest rate of 2.0%-4.0% to refund \$2,410,000 of outstanding Series 2005 Utility System Revenue Bonds, \$3,890,000 of outstanding Series 2006 Utility System Revenue Bonds, \$945,000 of outstanding Series 2006A Utility System Revenue Refunding Bonds, and \$4,260,000 of outstanding Series 2007 Utility System Revenue and Refunding Bonds. The net proceeds (after insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased series bonds. As a result, the following bonds are considered to be defeased and the liabilities for those bonds have been removed from the financial statements.

The City advance refunded these bonds to reduce its total debt service payments over the next 10 years by approximately \$731,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$627,000.

In prior years, the City defeased revenue bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2014, the outstanding balance of the defeased bonds is \$26,880,000.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. RETIREMENT PLAN

A. Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan, in the state-wide Texas Municipal Retirement System (TMRS). The City of Georgetown is one of 850 municipalities having the benefit plan administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 850 municipalities has an annual, individual actuarial valuation performed. The following assumptions were used for the December 31, 2013 valuations:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	27.0 years – closed period
Amortization period for new gains/losses	30 years
Asset valuation method	10-year smoothed market
Investment rate of return	7.00%
Projected salary increases	Varies by age and service
Includes inflation at:	3.00%
Cost-of-living adjustments	0.90%

The December 31, 2013 calculations were based upon the following benefits. Members can retire at ages 60 and above with 5 years or more of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Membership as of 12/31/13

Number of	
Active members	511
Retirees and beneficiaries	126
Inactive members	160
	<hr/>
	797
	<hr/> <hr/>

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. RETIREMENT PLAN – CONTINUED

A. Plan Description – Continued

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

TMRS issues a publically available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The city offers supplemental death to:	Plan Year 2013	Plan Year 2014
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

B. Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method, previously, the Projected Unit Credit actuarial cost method had been used. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable remainder of the plan's 25.1 year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2013 valuation is effective for rates beginning January 2015).

The City's total payroll in fiscal year 2014 was \$31,529,088 and the City's contributions were based on a payroll of \$31,472,235. Both the City and the covered employees made the required contributions, amounting to \$3,752,510 for the City and \$2,205,834 for the employees. The City's contribution amounted to 11.91% of the covered payroll during the fiscal year. The employees' contribution amounted to 7% of covered payroll.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. RETIREMENT PLAN – CONTINUED

C. Schedule of Actuarial Liabilities and Funding Progress

Actuarial valuation date: 12/31/2013

Actuarial value of asset	(A)	\$ 77,595,502
Actuarial accrued liability	(B)	95,447,335
Percentage funded	(C) = (A) / (B)	81.3%
Unfunded (over-funded) actuarial accrued liability (UAAL)	(D) = (B) - (A)	17,851,833
Annual covered payroll	(E)	30,136,850*
UAAL as a percentage of covered payroll	(D) / (E)	59.2%

*Based on calendar year ending 12/31/13, which varies from the City's fiscal year.

D. Annual Pension Cost

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>APC Funded</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation (NPO)</u>	<u>Employer's Contribution as a % of Covered Payroll</u>
9/30/2012	\$3,293,113	\$3,222,805	97.86%	\$1,403,351	11.85%
9/30/2013	3,512,801	3,501,439	99.68%	1,414,713	11.94%
9/30/2014	3,753,187	3,752,510	99.98%	1,415,390	11.91%

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. RETIREMENT PLAN – CONTINUED

E. Net Pension Obligation Calculation

The NPO cost associated with the City's retirement benefits for the fiscal year ended September 30, 2014 and previous years, are as follows:

	2014	2013	2012
Annual required contribution	\$ 3,752,511	\$ 3,500,874	\$ 3,280,012
Interest in net pension obligation	99,030	98,235	93,313
Adjustment to ARC	(98,354)	(86,307)	(80,212)
Annual pension cost	3,753,187	3,512,802	3,293,113
Employer contributions	(3,752,510)	(3,501,439)	(3,222,805)
Change in net position obligation	677	11,362	70,308
Beginning net position obligation	1,414,713	1,403,351	1,333,043
Net pension obligation	<u>\$ 1,415,390</u>	<u>\$ 1,414,713</u>	<u>\$ 1,403,351</u>

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits (OPEB) to its retirees and dependents through its health insurance provider, an agent multiple-employer system. Full time employees of the City of Georgetown are eligible to receive continued health benefits and dental and vision coverage for the person and the person's dependents unless anyone is eligible for coverage through another employer. Retirees of the City are eligible to continue with coverage at the same level they had during employment. Retirees are eligible at age 60 with 5 years of services or at any age with 20 years of service. Other post-employment benefit levels for retirees are the same as coverage provided to active City of Georgetown employees in accordance with the terms and conditions of the current City of Georgetown Health Plan.

Other post employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense on the government wide statements. The estimated obligation of providing these benefits was \$627,030 in 2014 according to a report on the results of the actuarial valuation of assets and benefits values associated with OPEB requirements. This is an increase of \$166,991 over last year's obligation of \$460,039.

In fiscal year 2009, the City implemented GASB Statement No. 45. The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments.

The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

The City is under no obligation, statutory or otherwise, to offer other post employment benefits to any retirees, or their dependents. Allocation of city funds to make these benefits available is determined on an annual basis by the City Council as part of the budget approval process. In December 2010, the City Council approved an ordinance that permanently segregates the retiree population from the active employee population in the health plan and established a retiree stipend. Council agreed to fund a retiree supplement per month per retiree to stabilize the retiree rate to an amount comparable to their current rates while a more permanent policy on retiree healthcare is developed.

A copy of the Actuarial Valuation Report for the Employee Retirement Benefit Program may be obtained by contacting Gabriel, Roeder, Smith & Company at 5605 N. MacArthur Blvd., Suite 870, Irving, Texas 75038-2631.

The City recognized the following liability in the financial statements at September 30, 2014:

Annual Other Post Employment Benefits Cost and Net OPEB (Obligation) Asset

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Benefits Other than Pensions* (GASB 45). The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the City's retiree benefits for the fiscal year ended September 30, 2014 and previous two years, is as follows:

	2014	2013	2012
Annual required contribution	\$ 193,853	\$ 122,782	\$ 119,206
Interest in OPEB obligation	20,702	16,255	12,037
Adjustment to ARC	<u>(19,180)</u>	<u>(15,060)</u>	<u>(11,152)</u>
Annual OPEB cost (expense) end of year	195,375	123,977	120,091
Contributions made (pay as you go)	<u>(28,384)</u>	<u>(25,158)</u>	<u>(26,355)</u>
Increase in net OPEB obligation	166,991	98,819	93,736
Net OPEB obligation, beginning of year	<u>460,039</u>	<u>361,220</u>	<u>267,484</u>
Net OPEB obligation, end of year	<u><u>\$ 627,030</u></u>	<u><u>\$ 460,039</u></u>	<u><u>\$ 361,220</u></u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Assumptions

	<u>OPEB</u>
Actuarial valuation date	December 31, 2013
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as percent of payroll
Remaining amortization period	30 years, open amortization
Assumed rate of	
Return on investments	4.5% net of expenses
Health care cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 4.5% after 12 years
Payroll growth	3.0% annum
Inflation rate	3.0% annum

The projected unit credit actuarial cost method is used to calculate the GASB 45 ARC for the City's OPEB. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future benefits are projected. The project unit credit method then provides for a systemic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of shared benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used are described in the table above.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the ARC of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years are as follows:

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Net OPEB Obligation End of Year</u>	<u>Percentage of Annual OPEB Cost Contributed</u>
2012	\$ 120,091	\$ 26,355	\$ 361,220	22%
2013	123,977	25,158	460,039	20%
2014	195,375	28,384	627,030	15%

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Funded Status

The funded status of the City's OPEB plan under GASB 45 for the past 3 years is as follows:

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL for Covered Payroll
2012	\$ -	\$ 978,491	\$ 978,491	0%	\$ 27,263,189	4%
2013	-	978,491	978,491	0%	27,392,533	4%
2014	-	1,615,808	1,615,808	0%	30,136,850	5%

Under GASB 45, the City's retiree health care plan is 0.0% funded with an estimated actuarial accrued liability exceeding actuarial assets \$1,615,808 at December 31, 2014. As of that date, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 5.0%.

NOTE 9. RISK MANAGEMENT

Health Benefits – On January 1, 2014 the City began a self-funded insurance program for provision of employee health insurance. The City made contributions to cover 98% or 88% of the employees' costs for a high deductible or PPO plan, respectively. The employees authorized payroll withholdings to pay the remainder contributions for themselves, and their family members, if elected.

In accordance with state statute, the City maintains a catastrophic loss insurance policy (stop-loss policy), which reimburses the City for annual claims totaling over \$125,000 per covered individual with an aggregate limit of liability for the insurer totaling \$1,000,000. For the fiscal year ended 2014, the City received insurance settlements totaling approximately \$275,000. The City made no significant reductions in insurance coverage and no settlements have exceeded insurance coverage for the 2014 fiscal year. The City's contributions for benefits during the year totaled \$2,189,525. Estimates of claims payable and of claims incurred but not reported at September 30, 2014 are reflected as accrued expenses of the fund. The liabilities include an amount for claims that have been incurred but were not reported until after September 30, 2014. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate that could materially change when the claims are ultimately finalized. Analysis of claims liability for the fiscal year 2014 is as follows:

Unpaid claims, beginning of year	\$ -
Incurred claims	2,829,003
Claim payments	(2,455,853)
Unpaid claims, end of year	<u>\$ 373,150</u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The City has the following long-term agreements, which represent significant commitments:

A. Wholesale Power Agreements

On May 21st, 2014, the City settled its lawsuit with the Lower Colorado River Authority (LCRA) that was originally filed in September 2012 regarding its wholesale power agreement (WPA). At that time, Georgetown Utility System (GUS) began to actively manage its energy supply. This settlement ended all future appeals and trials, and cleared the way for the City to secure future power from other sources.

Prior to terminating the WPA with LCRA, GUS received almost 90% of its power needs from LCRA, but also had existing contracts with several other suppliers. Beginning on September 13, 2012 GUS began receiving energy from its other suppliers to replace the energy LCRA had planned to serve. GUS also extended its active management of its daily energy supply to cover the larger market exposures, congestion issues, and real time settlements that LCRA previously handled. The City is currently using its long term wind power arrangement with American Electric Power (AEP), until 2028, and temporary natural gas contracts with Garland Power & Light (GPL) to provide 100% of its power needs in 2015. Beginning in 2016, the City will shift to other energy providers, provided primarily by Energy de France Renewable Energy (EDF-RE) via a 144MW capacity stake in a Texas Panhandle wind farm.

The City will supplement that power with natural gas contracts through JP Morgan Energy Ventures Corporation (JPM) from 2016 to 2021, as well as shaping and firming in the ERCOT market. The City is currently pursuing 150MWs of a long term solar power based contract to round out its portfolio, and expects to begin receiving that power in 2017. The City expects to be able to maintain low energy rates over the next two decades with these contracts in place.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

B. Brazos River Authority (BRA) Water Contracts

Effective September 1, 2001, the City revised its previous water availability agreements with the BRA to further plan for future water needs and to standardize the pricing to a system-wide rate. The effective system-wide rate for BRA's fiscal year beginning September 1, 2014 is \$69.50 per acre foot and the City paid a total of \$2,122,150 for water during the fiscal year. The City has two separate agreements with the BRA as follows:

- (1) *Lake Georgetown Water* – This agreement, effective September 1, 2001 and expiring August 31, 2050, requires BRA to make available to the City 6,720 acre-feet of water per year at BRA's system wide rate. The City paid \$443,324 for water under this agreement for the City's fiscal year.
- (2) *Lake Stillhouse Hollow Water* – This agreement, effective September 1, 2001 and expiring August 31, 2040, requires BRA to make available to the City 25,448 acre-feet of water per year at BRA's system wide rate. The City paid \$1,678,826 for water under this agreement in fiscal year 2014.

C. Brazos River Authority – Williamson County Regional Raw Water Line Agreement

The City is a party to an agreement dated June 30, 1986, with the Brazos River Authority (BRA), City of Round Rock, Jonah Water Special Utility District and Chisholm Trail Special Utility District (CTSUD). The Brazos River Authority designed, constructed, owns and operates a pipeline to transport water from Lake Stillhouse Hollow to Lake Georgetown to benefit the parties in the agreement. Total project construction cost for the raw water line was approximately \$40 million. In 2007, BRA refunded a portion of the original \$89 million in debt. It is approximately \$69 million, including principal and interest. Each participant agreed to pay for the annual cost of debt and operations of the line. The City's obligation is \$31 million, including principal and interest, to be repaid annually through 2032. The amount for fiscal year 2014 was \$1,067,482.

The following schedule reflects the principal portion of the City's obligation:

Year Ending September 30	
2015	\$ 1,006,612
2016	1,011,637
2017	1,011,368
2018	1,011,096
2019-2032	16,256,134
	<u>\$ 20,296,847</u>

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

C. Brazos River Authority – Williamson County Regional Raw Water Line Agreement – Continued

As part of the CTSUD merger that occurred on September 12, 2014, the City assumed the ownership interest and related obligations of this project. Official transfer of the related contracts by BRA will be completed in early 2015. In the interim, the City has assumed all responsibilities of CTSUD in regards to the BRA.

D. Chisholm Trail Special Utility District Service Area Operations and Management Agreement

In November 2013, the City began managing the Chisholm Trail Special Utility District awaiting regulatory approval of the merger of CTSUD with the City. On September 12, 2014, the City and CTSUD entered into an Asset Transfer and Utility System Consolidation Agreement in which the City began providing water utility services on behalf of CTSUD. Upon the close of this agreement, all CTSUD's assets (less \$500,000 that was to remain with CTSUD), and all liabilities were transferred to the City, and CTSUD's outstanding debt was defeased. The Certificate of Convenience Necessity (CCN) for the area served by CTSUD was not transferred to the City as part of this transaction and remains the responsibility of CTSUD. The transfer of the CTSUD CCN to the City is pending regulatory approval.

Therefore, in conjunction with this transfer, the City and CTSUD entered into a Service Area Operations and Management Agreement in which the City began providing water utility services on behalf of CTSUD to all customers within the CTSUD CCN. Under this agreement, CTSUD formally adopted the service policies, rates and fees of the City. The City then bills, collects and retains water service revenue from CTSUD customers, except for a portion that is remitted to CTSUD Board to offset on-going operational costs. This Agreement is in effect until the CTSUD CCN is transferred.

E. Highlands at Mayfield Ltd

In July 2005, the City and Highlands at Mayfield, Ltd (Highlands) entered into an agreement, subsequently amended in October 2006, to provide for partial reimbursement by Highlands for the cost of constructing a 1.25 mg elevated storage tank to provide water service to the development. Upon notification by Highlands that it would not be able to make the reimbursement totaling \$465,319 required by the contract, the City and Highlands amended the contract in September 2010 to defer the payment until August 2012 in exchange for interest payments until the reimbursement payment is made. The Highlands has made their quarterly interest payments as required and requested that one additional interest payment plus the capacity payment of \$465,319 be made on December 31, 2012. Due to high costs to the Developer associated with design of and easement acquisition for the Park Alignment Waterline and the additional engineering, construction and easement acquisition costs related to the required alternate water line, the contract was amended again in May 2013.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

E. Highlands at Mayfield Ltd – Continued

The amended contract states that the Capacity Payment will bear interest at the rate of 3.6% per annum from January 1, 2013 until paid. The Capacity Payment, plus accrued interest, will be due and payable on the date of closing of the sale of the District's first bond issue and will be paid by the District out of the proceeds of such bonds.

F. Del Webb Corporation (Sun City)

The Del Webb Corporation (Del Webb) began development in April 1995 of a proposed 9,500 unit; 5,300 acre active retirement community to be called Sun City Texas. The City, through a Development Agreement, and in exchange for payment of Service Improvement Fees (SIP fee - discussed below) provides fire protection, wastewater, water and electric service to Sun City. The project is annexed into the City limits as phases of the project are platted. Home sales began in June 1995 and were expected to average 425 homes per year for 20 years.

In May 2006, the City approved the *Eighth Amendment to the Development Agreement* with Del Webb. The Eighth Amendment set the build out at 7,500 age restricted units at Sun City. Additionally, it escalated the payment of "stranded costs" and addressed the water and wastewater capacity needed to serve the 2,500 age restricted units above the 5,000 units originally defined in the Seventh Amendment. The SIP fee for units 5,001 through 7,500 was also set in this agreement at \$3,292 per unit. As of September 30, 2014 there were 6,999 units of the total 7,500 units completed.

On August 26, 2014, the City approved annexation of two tracts of land totaling over 1,175 acres for the future expansion of Sun City. This expansion will not be subject to the terms and conditions of the Del Webb Development Agreement. Instead, the expansion will occur under traditional development conditions.

G. Georgetown Village Public Improvement District

In 1999, the City of Georgetown created the Georgetown Village Public Improvement District No. 1, pursuant to Chapter 372 of the Texas Local Government Code. The City is required to construct and provide operation, repair and maintenance of parks, recreational facilities, alleyways, lighting, landscaping and related improvements to the district that are above the standards that are met elsewhere in the City. Property owners are assessed an annual maintenance assessment of \$0.20 per \$100 valuation. Assessment revenue of \$301,497 was recognized for 2014. As of September 30, 2014 all costs associated with the Georgetown Village Public Improvement District have been reimbursed.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

H. Cimarron Hills Public Improvement District

In May 2000, the City and Paloma Cimarron Hills, L.P. entered into a development agreement for a 606 home, 813 acre subdivision within the City's Extraterritorial Jurisdiction (ETJ). As part of this agreement, the City created the Cimarron Hills PID to reimburse the developer for costs of certain infrastructure improvements. Each lot within the development is assessed an annual fee based on its type of usage. The City also collects a per unit transportation fee which will be used to fund necessary roadway improvements and bridge crossings in the area. As of September 30, 2014, 263 lots had been sold and 143 homes had been completed for this development. PID assessment collection began in 2002. In 2014, PID assessments were \$3,025,249. The developer was reimbursed \$2,618,000 from current year collections and available fund balance. The assessments and related disbursements are recorded in the Agency Funds.

I. Wolf Ranch Towne Center

In July 2003, the City approved a development agreement with Simon Properties for the 750,000 sq. ft. Wolf Ranch Towne Center. The project includes Target and 70 other retailers and restaurants. The City's development agreement with Simon includes a sales tax rebate allowable under Chapter 380 of the Texas Local Government Code. Fifty-three percent of the 1% general operating sales tax revenue generated at the development is rebated to Simon as an economic development incentive. This arrangement continues for 20 years or up to \$15 million, which funds the public on-site improvements paid by Simon.

As part of the agreement, the City provided utility improvements to the site, as well as, funded \$10.5 million of highway improvements for the project. The \$10.5 million was funded with debt to be repaid by Georgetown Transportation Enhancement Corporation (GTEC). Improvements to SH 29, as well as, provide the frontage road for IH-35 were constructed as part of this project. As of September 30, 2013, \$10,555,000 of GTEC debt had been issued for this project. GTEC collects $\frac{1}{2}$ of 1% sales tax, therefore, per the agreement, all related debt service for the GTEC issued bonds, were to be funded with 53% of GTEC ($\frac{1}{2}\%$) of sales tax generated within the project.

J. Wolf Ranch Public Improvement District (PID)

In June 2004, the City created Wolf Ranch Public Improvement District (PID) that included all property owned by Simon within the Wolf Ranch development at that time. The purpose of the PID was to provide a backstop for the City. In the event that revenues from the project were insufficient to fund any outstanding debt related to the project, an assessment would be levied against the property in the PID to protect the City from potential revenue shortfalls. Should revenues meet or exceed expectations, no assessment is made. If revenues did not meet expectations, an assessment was made. Any accrued assessment was charged 10% interest until paid. Since inception, the development has not generated enough in GTEC revenues to fund the GTEC debt

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

J. Wolf Ranch Public Improvement District (PID) – Continued

service requirements under the Agreement. Therefore, an assessment was levied and related interest charges accrued. As a practical matter, the sales tax rebate due to Simon under the 380 agreement is netted against the PID assessment payable. As of September 30, 2014, the balance due from Simon to the PID is \$842,974, of which \$255,575 is interest. In addition, the PID has a \$587,298 obligation to the General Fund for the 1st year assessment, when the General Fund transferred cash to GTEC to fund the Wolf Ranch debt service.

K. Citigroup, NA, Inc.

In November 2006, the City entered into a 10 year tax abatement agreement with Citigroup, NA, Inc., who constructed a \$475 million data center within the City. The abatement began in tax year 2009 (fiscal year 2008/09). The Georgetown Economic Development Corporation (GEDCO) also entered into an agreement with Citicorp, NA to fund \$1.3 million of offsite wastewater improvements as an incentive for the creation of 50 jobs. The amount of the abatement for tax year 2014 (fiscal year 2013/14) is \$135.9 million of appraised market value.

L. Williams Drive Tax Increment Reinvestment Zone (TIRZ)

This was established in November 2006 to fund improvements needed for redevelopment of the Williams Drive gateway area. A master plan for the area was developed in 2006, with implementation planned for future years. As of September 30, 2014, \$67,448 has been collected, with no proceeds invested in projects.

M. Downtown Tax Increment Reinvestment Zone (TIRZ)

This was established in 2004 to fund improvements in the downtown overlay district to assist in funding the downtown master plan. As of September 30, 2014, \$627,842 of taxes and interest earnings has been collected, of which \$600,622 had been invested in designated and approved projects within the zone.

N. Rivery Park Tax Increment Reinvestment Zone (TIRZ)

This was established in 2008 to fund a convention center/hotel complex, as well as, an expansion to Rivery Park. The City and Williamson County agreed to reimburse up to \$25 million for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective property tax valuation increase generated at the 32-acre site to fund the project. The City will remit half of the 1% City sales tax generated at the site to Williamson County as reimbursement. As of September 30, 2014, \$55,030 has been collected with no proceeds invested in projects.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

N. Rivery Park Tax Increment Reinvestment Zone (TIRZ) – Continued

In January 2014, the City entered into agreements for a 220-room Sheraton hotel and conference center at Rivery site for the development of the Summit at Rivery Park (Rivery) project. This project will include a 16,000 square-foot conference center that can accommodate up to 4,500 people and include a public parking garage. Plans for the project include future phases with retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of \$150 million. A total of \$16.8 million in future City and County property taxes generated at the site will be used to reimburse the City and the developer for the cost of the hotel and conference center, parking garage, and other public improvements. This includes \$12.5 million of investments by the City and its related entities including GEDCO and GTEC.

O. South Georgetown Tax Increment Reinvestment Zone (TIRZ)

In June 2014, the City created the South Georgetown TIRZ on 595 undeveloped acres along Westinghouse Road near IH35 to accelerate and ensure quality development and job creation in the area. This project abuts the high-growth corridor in neighboring Round Rock. The City intends to use this TIRZ to proactively build infrastructure, including sewer and road improvements, using future TIRZ revenues to reimburse the City for the costs of these improvements.

The TIRZ is expected to fund up to \$50 million of public improvements through December 2044, with an estimated future assessed valuation within the TIRZ in excess of \$573 million. The City is currently in negotiations with landowners and developers in the area to facilitate and leverage the TIRZ improvements to ensure the success of the project. Property tax revenue from any incremental value created since 2014 will be assigned to the TIRZ beginning in 2015.

P. Chapter 552 Infrastructure Financing Reimbursement Agreement

In August 2014, the City entered into a Chapter 552 Infrastructure Financing/Reimbursement Agreement for the Hillwood Wolf Ranch Development Project. This agreement is one of several associated with this project which included the City's consent to the creation of an In-City Municipal Utility District (MUD) to finance the costs of various improvements. This Chapter 552 agreement, allowable under Chapter 552 of the Local Government Code, facilitates the reimbursement of up to \$25 million to the MUD for construction of specified public improvements within the Hillwood Wolf Ranch development. The annual repayment amount is funded from City ad valorem tax revenues received by the City for property within the MUD at a rate of \$0.15/per \$100 assessed valuation. The terms of this Chapter 552 Agreement continue until dissolution of the MUD or the date on which the City pays the maximum reimbursement amount of \$25 million, whichever occurs first.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

Q. Williams Drive Expansion Project

In April 2008, the City entered into a Memorandum of Understanding (MOU) with Williamson County for the expansion of FM 2338 (Williams Drive). The County agreed to pay up front the costs of the project in order to accelerate its construction to address safety issues near Sun City. Under the MOU, the City agreed to repay the County at a later date for the City's share of these costs. The City will be responsible for 65% of the total project costs, estimated at \$22 million, for the portion of the project inside the City.

In January 2009, the City Council approved an inter-local agreement with Williamson County to address repayment for the Williams Drive expansion project as previously approved as a Memorandum of Understanding in April 2008. In December 2008, the City was notified that the City was awarded \$8.8 million from the Capital Area Metropolitan Planning Organization (CAMPO) for funding their portion of the project. These funds will be forwarded directly to the County for funding the project. The City has reimbursed the County \$7,564,466 of CAMPO funding. The remaining balance of \$4.7 million was paid by the City as of September 2012. Approximately \$1.2 million of outstanding, not grant funded costs related to the relocation of utilities are currently being reviewed by the City with final payment to be negotiated in 2015.

R. GCV Enterprises LLC, dba Grape Creek Winery

In October 2011, City Council approved an economic development agreement with GCV Enterprises LLC, dba Grape Creek Winery to establish and operate a winery on the downtown square. In addition, GEDCO has entered into a lease agreement with Grape Creek for an initial term commencing on March 1, 2012 and ending five (5) years after the Open Date. Grape Creek shall have three (3) consecutive options to renew the term of the lease, each for an additional five (5) year term.

S. Garey Park Trust

In June 2014, the City entered into a memorandum of understanding (MOU) whereby Alan Jack Garey donated his 525 acre ranch and home, on the conditions that the property shall be used exclusively as a public park and recreational facility for the benefit of all residents of the City of Georgetown and surrounding areas. The Garey's deeded 321.45 acres of land to the Texas Parks and Recreation Foundation, in trust for the benefit of the City. The City has an approved lease and agreement with Texas Parks and Recreation Foundation concerning these 321.45 acres. The final 206.57 acres of land, and the house, was deeded to the City.

T. Grants

Amounts received or receivable from grantor agencies, principally the federal government, are subject to audit and adjustment by the agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. COMMITMENTS AND CONTINGENCIES – CONTINUED

U. Litigation

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims only when they become probable and reasonably determinable in amount. In the opinion of City management, these actions will not result in a significant change in the City's financial position.

V. Construction Contracts

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$9,516,000 for Governmental Funds and approximately \$1,067,000 for Enterprise Funds.

NOTE 12. FINANCIAL HEDGING

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Policy. This policy was authorized by the City Council and is led by the Georgetown Utility Services Board. Under this policy, the City enters into forward contracts for natural gas, swaps, and congestion rights for the purpose of reducing exposure to natural gas, energy, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity.

At September 30, 2014, the City had multiple outstanding contracts, with wholesale customers to provide power supply and/or qualified scheduling entity services. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market. These contracts meet the definition of a derivative instrument as defined by GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments* (GASB 53). However, these contracts meet the normal purchases and sales exemption of GASB 53 as the City intends to use the physical commodity in its normal utility operations to supply energy to its customers. Accordingly, these contracts are not within the scope of GASB 53 and are not recorded on the City's Statement of Net Position.

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. The City no longer holds any PCRRs.

**CITY OF GEORGETOWN, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12. FINANCIAL HEDGING – CONTINUED

Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the EEI (Edison Electric Institute) and EPC (Energy Procurement Contract) agreements.

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the EEI and EPC agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Netting Arrangements. The City enters into netting arrangements whenever it has entered into more than one derivative transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

NOTE 13. SUBSEQUENT EVENTS

- A. In November 2014, the citizens readopted the ¼ cent sales tax in accordance with Texas House Bill 445 to fund maintenance on streets that were in existence at the time the sales tax was adopted by the voters. This authorization includes a sunset provision which expires in March 2019.
- B. In December 2014, the Council extended the construction and completion dates for the various development agreements for the Summit at Rivery Park Project. This project includes a 220-room Sheraton hotel and conference center at the 32-acre Rivery site were previously approved by City Council. This project will include a 16,000 square-foot conference center that can accommodate up to 4,500 people. Plans for the project include future phases with retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of \$150 million, including \$65 million for the hotel, conference center, and parking garage. Private investors will fund most of the project cost. Ground breaking is expected in February 2015.

**CITY OF GEORGETOWN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2014**

Texas Municipal Retirement System Trend Data

Fiscal Year (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (1)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL) (1)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2004	\$ 18,195,567	\$ 22,347,396	81.4%	\$ 4,151,829	\$ 13,698,260	30.3%
2005	20,947,687	25,168,237	83.2%	4,220,550	14,985,460	28.2%
2006	23,848,360	31,247,055	76.3%	7,398,695	16,585,727	44.6%
2007	27,478,717	36,054,408	76.2%	8,575,691	18,062,706	47.5%
2008	31,091,875	47,706,550	65.2%	16,614,675	21,074,348	78.8%
2009	34,184,686	52,405,684	65.2%	18,220,998	23,534,408	77.4%
2010	38,645,252	52,851,987	73.1%	14,206,735	25,250,743	56.3%
2011	54,329,259	66,412,267	81.8%	12,083,008	26,111,956	46.3%
2012	61,924,599	72,851,512	85.0%	10,926,913	27,263,189	40.1%
2013	69,132,909	79,718,376	86.7%	10,585,467	27,392,533	38.6%
2014	77,595,502	95,447,335	81.3%	17,851,833	30,136,850	59.2%

Source Texas Municipal Retirement System ("TMRS") Annual Report and City payroll reports.

Notes (1) Trend data presented is information as of December 31 of the previous year, which is the fiscal year of the TMRS.

Other Post Employment Benefits

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL for Covered Payroll
2012	\$ -	\$ 978,491	\$ 978,491	0%	\$ 27,263,189	4%
2013	-	978,491	978,491	0%	27,392,533	4%
2014	-	1,615,808	1,615,808	0%	30,136,850	5%

Source: Gabriel Roeder Smith & Company, Actuarial Valuation Report

Notes:

- (1) Actuarial accrued liabilities for year end 2012 and 2013 are based on a December 31, 2011 study. Actuarial accrued liabilities for year end 2014 are based on a December 31, 2013 study.

**CITY OF GEORGETOWN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2014
CONTINUED**

Modified Approach for Streets Infrastructure Capital Assets

GASB Statement 34 allows the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The City Council adopted an average PCI level of 85 which is considered "good" condition for a street. The City's system for reporting assets is fully discussed in Note 1(m) of the notes. The following is additional information for the City's streets infrastructure for fiscal year 2014. This information is updated every three years and comparative data is included.

Condition Rating Summary					
Condition	Rating	Segments	% of Segments	Center Line Miles	% of Segments
Very Good	90-100	2,020	55.5%	154.1	51.6%
Good	80-90	849	23.3%	76.5	25.6%
Fair	45-80	689	18.9%	60.7	20.3%
Poor	< 45	84	2.3%	7.3	2.4%
		3,642	100.0%	298.6	100.0%

Notes:

[a] Center line miles will vary from the total number of center line due to street segments that were omitted from the survey. Street segments that were either scheduled or currently receiving maintenance were omitted from the street survey.

PCI Rating by Functional Class				
	2005-2007	2008-2010	2011-2013	2014
Arterial	91.91	93.00	89.70	90.00
Collector	88.38	93.75	86.30	86.10
Local	91.00	92.70	87.50	86.50
Overall Network	90.87	93.00	88.00	87.30

Costs to Maintain System at Designated Level						
Fiscal Year Ending September 30,	2014	2013	2012	2011	2010	2009
Estimated Maintenance Cost	\$ 2,163,000	\$ 2,768,631	\$ 3,448,359	\$ 3,350,973	\$ 3,643,734	\$ 3,324,234
Budgeted Maintenance Cost	4,886,030	3,579,410	3,484,079	3,078,770	3,623,688	3,530,234
Actual Maintenance Cost	4,434,244	3,553,226	3,170,741	3,269,757	2,905,769	2,309,171

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for expenditures for particular purposes.

Court Fees - to account for the receipt and expenditure of court fees that are legally restricted for court security and technology.

Conservation - to account for the Energy Conservation Fee that is charged to Electric customers. This fee is used for the enactment of House Bill 3693 to address the issue of peak demand by initiating energy efficiency initiatives and conservation strategies. The funds collected will be used for a weatherization program and solar water heating program.

Development - to account for the receipt of private donations, grants, and money raised through special events to provide assistance to building/property owners for maintaining the appearance of the downtown historic district. Funds are distributed through an application/approval process with either a low-interest loan or grant; and to account for the receipt and expenditure of revenues from building proceeds to further develop downtown structures.

Fire Billing and Donations - to account for the receipt and expenditures of funds received by the City for various fire services, including calls for service, donations, abandoned vehicle revenue and inspections.

Library Restricted - to account for the receipt and expenditure of restricted donations such as memorials and gifts for a designated library purchase or program. Also accounts for the receipt of the Texas State Library grant for librarian salaries and books.

Parks - to account for revenues earned by the City from activities on City park land, which are restricted for improvements to park land and for park land dedication fees paid by developers, which are restricted by zones for new parks. Also accounts for the partial administration of a federal drug prevention grant in coordination with Georgetown Project.

PEG Fee - to account for the receipt and expenditure of PEG fees that are legally restricted for capital expenditures related to the City's cable access channel.

Police - to account for a Texas Department of Transportation grant for a Selective Traffic Enforcement Project (STEP) related to overtime costs and the receipt and expenditure of seized donated funds.

Public Improvement Districts - to account for the receipts and expenditures of the revenues collected from property assessments related to the Georgetown Village and Wolf Ranch Public Improvement Districts.

Streets Sales Tax - to account for the receipt and expenditure of revenues collected from the ¼ cent sales tax approved by the citizens in November 2001 under Texas House Bill 445. The funds are required to be spent on maintenance of streets that were in existence at the time of adoption of the tax.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)**

Tax Increment Reinvestment Zones (TIRZ) - to account for public improvements within an area that will generate private-sector development. The tax base is frozen at a predevelopment level and the increases in taxes derived from increases in assessed valuations are to retire bonds originally issued for the development or to leverage future growth in the assigned areas.

Tourism - to account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to promotion of tourism and arts within the City.

Transportation - to account for the receipt and expenditures of funds received by the City for the Williams Drive expansion project.

**CITY OF GEORGETOWN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2014**

	<u>Court Fees</u>	<u>Conservation</u>	<u>Development</u>	<u>Fire Billing and Donations</u>	<u>Library Restricted</u>	<u>Transportation</u>
ASSETS						
Cash and cash equivalents	\$ 22,296	\$ 386,720	\$ 606,216	\$ 9,808	\$ 21,742	\$ -
Investments	17,519	303,851	476,313	7,707	17,083	-
Accounts receivable						
Tax	-	-	-	-	-	-
Grants	-	-	39,085	-	13,555	-
Delinquent taxes	-	-	-	-	-	-
Other	-	-	-	9,960	-	-
TOTAL ASSETS	<u>\$ 39,815</u>	<u>\$ 690,571</u>	<u>\$ 1,121,614</u>	<u>\$ 27,475</u>	<u>\$ 52,380</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 7,368	\$ -	\$ 56,537	\$ 5,820	\$ 4,052	\$ -
Due to other funds	-	-	31,749	-	-	-
Unearned revenue	-	-	-	9,960	-	-
Total liabilities	<u>7,368</u>	<u>-</u>	<u>88,286</u>	<u>15,780</u>	<u>4,052</u>	<u>-</u>
Restricted	32,447	-	4,270	-	48,328	-
Committed	-	690,571	1,029,058	11,695	-	-
Total fund balance	<u>32,447</u>	<u>690,571</u>	<u>1,033,328</u>	<u>11,695</u>	<u>48,328</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 39,815</u>	<u>\$ 690,571</u>	<u>\$ 1,121,614</u>	<u>\$ 27,475</u>	<u>\$ 52,380</u>	<u>\$ -</u>

<u>Parks</u>	<u>PEG Fees</u>	<u>Police</u>	<u>Public Improvement Districts</u>	<u>Street Tax</u>	<u>Tax Increment Reinvestment Zones</u>	<u>Tourism</u>	<u>Total</u>
\$ 824,274	\$ 50,393	\$ 102,127	\$ 249,861	\$ 1,384,112	\$ 104,539	\$ 324,092	\$ 4,086,180
647,643	39,595	80,242	196,319	1,087,516	82,137	254,644	3,210,569
-	35,677	-	287	411,267	-	49,582	496,813
1,932	-	169,175	-	-	-	-	223,747
-	-	-	-	-	-	-	-
376	-	103	842,974	-	-	-	853,413
<u>\$ 1,474,225</u>	<u>\$ 125,665</u>	<u>\$ 351,647</u>	<u>\$ 1,289,441</u>	<u>\$ 2,882,895</u>	<u>\$ 186,676</u>	<u>\$ 628,318</u>	<u>\$ 8,870,722</u>
\$ 22,626	\$ -	\$ 1,383	\$ 8,050	\$ 108,955	\$ 6,800	\$ 23,200	\$ 244,791
-	-	-	587,299	-	-	-	619,048
-	-	-	255,962	-	-	26,000	291,922
22,626	-	1,383	851,311	108,955	6,800	49,200	1,155,761
-	125,665	141,322	-	2,773,940	-	579,118	3,705,090
1,451,599	-	208,942	438,130	-	179,876	-	4,009,871
1,451,599	125,665	350,264	438,130	2,773,940	179,876	579,118	7,714,961
<u>\$ 1,474,225</u>	<u>\$ 125,665</u>	<u>\$ 351,647</u>	<u>\$ 1,289,441</u>	<u>\$ 2,882,895</u>	<u>\$ 186,676</u>	<u>\$ 628,318</u>	<u>\$ 8,870,722</u>

**CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Court Fees</u>	<u>Conservation</u>	<u>Development</u>	<u>Fire Billing and Donations</u>	<u>Library Restricted</u>	<u>Transportation</u>
REVENUES						
Grants and entitlements	\$ -	\$ -	\$ 15,655	\$ 48,607	\$ 68,920	\$ 61,200
Hotel/Motel tax	-	-	-	-	-	-
Property assessments	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-
Court fees	69,849	-	-	-	-	-
Investment earnings	185	1,722	2,156	391	173	-
Donations	-	-	-	-	62,041	-
Fire incident billings	-	-	-	79,859	-	-
Other	-	303,468	121,517	24,975	-	-
Total revenues	70,034	305,190	139,328	153,832	131,134	61,200
EXPENDITURES						
Culture - recreation	-	-	-	-	160,810	-
Development	-	92,389	202,747	-	-	-
Fire services	-	-	-	292,742	-	-
Highways and streets	-	-	-	-	-	61,200
Police	80,762	-	-	-	-	-
Capital outlay	-	-	439,582	-	-	-
Total expenditures	80,762	92,389	642,329	292,742	160,810	61,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,728)	212,801	(503,001)	(138,910)	(29,676)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	40,973	-	1,146,000	-	-	-
Transfers out	(65,744)	(18,820)	(6,900)	-	-	-
Total other financing sources (uses)	(24,771)	(18,820)	1,139,100	-	-	-
NET CHANGE IN FUND BALANCE	(35,499)	193,981	636,099	(138,910)	(29,676)	-
FUND BALANCES, beginning of period	67,946	496,590	397,229	150,605	78,004	-
FUND BALANCES, end of period	\$ 32,447	\$ 690,571	\$ 1,033,328	\$ 11,695	\$ 48,328	\$ -

Parks	PEG Fees	Police	Public Improvement Districts	Street Tax	Tax Increment Reinvestment Zones	Tourism	Total
\$ 7,000	\$ -	\$ 16,175	\$ -	\$ -	\$ -	\$ -	\$ 217,557
-	-	-	-	-	-	628,246	628,246
-	-	-	797,134	-	220,182	-	1,017,316
-	-	-	-	2,557,026	-	-	2,557,026
-	-	-	-	-	-	-	69,849
3,386	296	760	1,927	10,324	244	1,480	23,044
49,780	-	31,193	-	-	-	-	143,014
-	-	-	-	-	-	-	79,859
334,248	142,355	74,177	-	-	-	88,446	1,089,186
394,414	142,651	122,305	799,061	2,567,350	220,426	718,172	5,825,097
108,417	84,529	-	215,842	-	-	642,769	1,212,367
-	-	-	-	-	555	-	295,691
-	-	-	-	-	-	-	292,742
-	-	-	-	4,405,729	-	-	4,466,929
-	-	106,821	-	-	-	-	187,583
214,730	-	-	-	-	-	-	654,312
323,147	84,529	106,821	215,842	4,405,729	555	642,769	7,109,624
71,267	58,122	15,484	583,219	(1,838,379)	219,871	75,403	(1,284,527)
514,500	-	3,164	-	-	-	17,690	1,722,327
-	-	-	(495,638)	(344,893)	(146,000)	(29,500)	(1,107,495)
514,500	-	3,164	(495,638)	(344,893)	(146,000)	(11,810)	614,832
585,767	58,122	18,648	87,581	(2,183,272)	73,871	63,593	(669,695)
865,832	67,543	331,616	350,549	4,957,212	106,005	515,525	8,384,656
\$ 1,451,599	\$ 125,665	\$ 350,264	\$ 438,130	\$ 2,773,940	\$ 179,876	\$ 579,118	\$ 7,714,961

**CITY OF GEORGETOWN, TEXAS
COURT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES				
Court fees	\$ 78,500	\$ 78,500	\$ 69,849	\$ (8,651)
Investment earnings	800	800	185	(615)
Total revenues	79,300	79,300	70,034	(9,266)
EXPENDITURES				
Personnel	59,823	61,158	60,899	259
Operations	37,453	37,453	19,463	17,990
Total expenditures	97,276	98,611	80,362	18,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,976)	(19,311)	(10,328)	8,983
OTHER FINANCING SOURCES (USES)				
Operating transfers in	39,638	40,973	40,973	-
Transfers out	(65,744)	(65,744)	(65,744)	-
Total other financing sources (uses)	(26,106)	(24,771)	(24,771)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(44,082)	(44,082)	(35,099)	8,983
FUND BALANCE, beginning of period	44,082	44,082	67,546	23,464
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ -</u>	<u>\$ -</u>	32,447	<u>\$ 32,447</u>
Adjustments to GAAP			-	
FUND BALANCE - GAAP BASIS, end of period			<u>\$ 32,447</u>	

**CITY OF GEORGETOWN, TEXAS
 CONSERVATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
 BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
 FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES			
Investment earnings	\$ 2,000	\$ 1,722	\$ (278)
Conservation revenue	264,000	266,669	2,669
Other	-	36,799	36,799
Total revenues	266,000	305,190	39,190
EXPENDITURES			
Operations	685,540	123,707	561,833
Total expenditures	685,540	123,707	561,833
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(419,540)	181,483	601,023
OTHER FINANCING (USES)			
Transfers out	(18,820)	(18,820)	-
Total other financing uses	(18,820)	(18,820)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(438,360)	162,663	601,023
FUND BALANCE, beginning of period	445,360	495,336	49,976
FUND BALANCE - BUDGETARY BASIS, end of period	\$ 7,000	657,999	\$ 650,999
Adjustments to GAAP			
Reverse current year encumbrances		32,572	
FUND BALANCE - GAAP BASIS, end of period		\$ 690,571	

**CITY OF GEORGETOWN, TEXAS
DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO ACTUAL
REVENUES				
Grants and entitlements	\$ 69,180	\$ 69,180	\$ 15,655	\$ (53,525)
Investment earnings	900	900	2,156	1,256
Technology fee	50,000	74,490	73,161	(1,329)
Other	50,000	50,000	48,356	(1,644)
Total revenues	170,080	194,570	139,328	(55,242)
EXPENDITURES				
Operations	218,534	243,024	203,109	39,915
Capital outlay	1,170,180	1,170,180	630,295	539,885
Total expenditures	1,388,714	1,413,204	833,404	579,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,218,634)	(1,218,634)	(694,076)	524,558
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,900)	(6,900)	(6,900)	-
Transfers in	1,146,000	1,146,000	1,146,000	-
Total other financing sources (uses)	1,139,100	1,139,100	1,139,100	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(79,534)	(79,534)	445,024	524,558
FUND BALANCE, beginning of period	84,127	84,127	113,418	4,801
FUND BALANCE - BUDGETARY BASIS, end of period	\$ 4,593	\$ 4,593	\$ 558,442	\$ 553,849
Adjustments to GAAP				
Reverse Crossyear POs			57,069	
Reverse current year encumbrances			417,817	
FUND BALANCE - GAAP BASIS, end of period			\$ 1,033,328	

**CITY OF GEORGETOWN, TEXAS
FIRE BILLING AND DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO ACTUAL
REVENUES				
Grants and entitlements	\$ 45,224	\$ 45,224	\$ 48,607	\$ 3,383
Investment earnings	1,000	1,000	391	(609)
Other	78,000	78,000	104,834	26,834
Total revenues	124,224	124,224	153,832	29,608
EXPENDITURES				
Operations	239,686	297,736	297,735	1
Total expenditures	239,686	297,736	297,735	1
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(115,462)	(173,512)	(143,903)	29,609
FUND BALANCE, beginning of period	115,462	173,512	149,473	(24,039)
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ -</u>	<u>\$ -</u>	5,570	<u>\$ 5,570</u>
Adjustments to GAAP				
Reverse crossyear POs			170	
Reverse current year encumbrances			5,955	
FUND BALANCE - GAAP BASIS, end of period			<u>\$ 11,695</u>	

**CITY OF GEORGETOWN, TEXAS
LIBRARY RESTRICTED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO ACTUAL
REVENUES			
Grants and entitlements	\$ 75,000	\$ 68,920	\$ (6,080)
Investment earnings	200	173	(27)
Donations	60,000	62,041	2,041
Total revenues	<u>135,200</u>	<u>131,134</u>	<u>(4,066)</u>
EXPENDITURES			
Personnel	75,000	67,422	7,578
Operations	90,762	86,972	3,790
Capital	6,560	6,556	4
Total expenditures	<u>172,322</u>	<u>160,950</u>	<u>11,372</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(37,122)</u>	<u>(29,816)</u>	<u>7,306</u>
FUND BALANCE, Beginning of period	<u>37,122</u>	<u>77,998</u>	<u>40,876</u>
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ -</u>	<u>48,182</u>	<u>\$ 48,182</u>
Adjustments to GAAP			
Reverse crossyear POs		6	
Reverse current year encumbrances		<u>140</u>	
FUND BALANCE - GAAP BASIS, end of period		<u>\$ 48,328</u>	

**CITY OF GEORGETOWN, TEXAS
PARKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO ACTUAL
REVENUES				
Grants and entitlements	\$ -	\$ -	\$ 7,000	\$ 7,000
Investment earnings	5,000	5,000	3,386	(1,614)
Donations	7,000	9,425	49,780	40,355
Other	113,250	113,250	334,248	220,998
Total revenues	125,250	127,675	394,414	266,739
EXPENDITURES				
Operations	321,920	172,499	125,842	46,657
Capital outlay	-	566,346	178,061	388,285
Total expenditures	321,920	738,845	303,903	434,942
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(196,670)	(611,170)	90,511	701,681
OTHER FINANCING SOURCES				
Transfers in	-	414,500	514,500	100,000
Total other financing sources	-	414,500	514,500	100,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(196,670)	(196,670)	605,011	801,681
FUND BALANCE, beginning of period	196,670	196,670	798,980	602,310
FUND BALANCE - BUDGETARY BASIS, end of period	\$ -	\$ -	1,403,991	\$ 1,403,991
Adjustments to GAAP				
Reverse crossyear POs			4,804	
Reverse current year encumbrances			42,804	
FUND BALANCE - GAAP BASIS, end of period			\$ 1,451,599	

**CITY OF GEORGETOWN, TEXAS
PEG FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES				
Investment earnings	\$ -	\$ -	\$ 296	\$ 296
Other	140,000	140,000	142,355	2,355
Total revenues	140,000	140,000	142,651	2,651
EXPENDITURES				
Operations	140,000	148,770	148,763	7
Total expenditures	140,000	148,770	148,763	7
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(8,770)	(6,112)	2,658
FUND BALANCE, beginning of period	-	8,770	67,543	58,773
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ -</u>	<u>\$ -</u>	61,431	<u>\$ 61,431</u>
Adjustments to GAAP				
Reverse current year encumbrances			64,234	
FUND BALANCE - GAAP BASIS, end of period			<u>\$ 125,665</u>	

CITY OF GEORGETOWN, TEXAS
PUBLIC IMPROVEMENT DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES			
Property assessments	\$ 300,175	\$ 797,134	\$ 496,959
Investment earnings	-	1,927	1,927
Total revenues	300,175	799,061	498,886
EXPENDITURES			
Operations	300,175	152,914	147,261
Total expenditures	300,175	152,914	147,261
EXCESS OF REVENUES OVER EXPENDITURES	-	646,147	646,147
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(495,638)	(495,638)
Total other financing sources (uses)	-	(495,638)	(495,638)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	-	150,509	150,509
FUND BALANCE, beginning of period	-	287,234	287,234
FUND BALANCE - BUDGETARY BASIS, end of period	\$ -	437,743	\$ 437,743
Adjustments to GAAP			
Reverse current year encumbrances		387	
FUND BALANCE - GAAP BASIS, end of period		\$ 438,130	

**CITY OF GEORGETOWN, TEXAS
POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES				
Grants and entitlements	\$ -	\$ 6,165	\$ 16,175	\$ 10,010
Investment earnings	770	770	760	(10)
Donations	25,000	25,000	31,193	6,193
Other	2,000	25,600	74,177	48,577
Total revenues	27,770	57,535	122,305	64,770
EXPENDITURES				
Personnel	-	6,165	6,160	5
Operations	178,417	202,017	72,983	129,034
Total expenditures	178,417	208,182	79,143	129,039
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(150,647)	(150,647)	43,162	193,809
OTHER FINANCING SOURCES				
Transfers in	-	-	3,164	3,164
Total other financing sources	-	-	3,164	3,164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(150,647)	(150,647)	46,326	196,973
FUND BALANCE, beginning of period	100,647	100,647	292,396	191,749
FUND BALANCE - BUDGETARY BASIS, end of period	\$ (50,000)	\$ (50,000)	338,722	\$ 388,722
Adjustments to GAAP				
Reverse crossyear Pos			2,010	
Reverse current year encumbrances			9,532	
FUND BALANCE - GAAP BASIS, end of period			\$ 350,264	

**CITY OF GEORGETOWN, TEXAS
STREET TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL BUDGETARY BASIS</u>	<u>VARIANCE TO BUDGET</u>
REVENUES				
Sales tax	\$ 2,275,000	\$ 2,275,000	\$ 2,557,026	\$ 282,026
Investment earnings	10,000	10,000	10,324	324
Total revenues	2,285,000	2,285,000	2,567,350	282,350
EXPENDITURES				
Operating	1,139,000	2,552,410	2,552,405	5
Total expenditures	1,139,000	2,552,410	2,552,405	5
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,146,000	(267,410)	14,945	282,355
OTHER FINANCING USES				
Transfers out	(344,893)	(344,893)	(344,893)	-
Total other financing uses	(344,893)	(344,893)	(344,893)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	801,107	(612,303)	(329,948)	282,355
FUND BALANCE, beginning of period	944,782	2,358,192	2,173,363	(184,829)
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ 1,745,889</u>	<u>\$ 1,745,889</u>	1,843,415	<u>\$ 97,526</u>
Adjustments to GAAP				
Reverse crossyear POs			192,106	
Reverse current year encumbrances			738,419	
FUND BALANCE - GAAP BASIS, end of period			<u>\$ 2,773,940</u>	

**CITY OF GEORGETOWN, TEXAS
TAX INCREMENT REINVESTMENT ZONES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES			
Property assessments	\$ 171,003	\$ 220,182	\$ 49,179
Investment earnings	1,150	244	(906)
Total revenues	172,153	220,426	48,273
EXPENDITURES			
Capital	12,186	(3,248)	15,434
Total expenditures	12,186	(3,248)	15,434
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	159,967	223,674	63,707
OTHER FINANCING (USES)			
Transfers out	(146,000)	(146,000)	-
Total other financing (uses)	(146,000)	(146,000)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	13,967	77,674	63,707
FUND BALANCE, beginning of period	95,157	102,202	7,045
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ 109,124</u>	179,876	<u>\$ 70,752</u>
Adjustments to GAAP			
Reverse crossyear POs		3,278	
Reverse current year encumbrances		(3,278)	
FUND BALANCE - GAAP BASIS, end of period		<u>\$ 179,876</u>	

**CITY OF GEORGETOWN, TEXAS
TOURISM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES				
Hotel/motel tax	\$ 477,000	\$ 477,000	\$ 628,246	\$ 151,246
Investment earnings	3,500	3,500	1,480	(2,020)
Other	95,870	95,870	88,446	(7,424)
Total revenues	576,370	576,370	718,172	141,802
EXPENDITURES				
Personnel	249,612	261,887	261,887	-
Operations	376,405	381,820	381,817	3
Total expenditures	626,017	643,707	643,704	3
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,647)	(67,337)	74,468	141,805
OTHER FINANCING SOURCES (USES)				
Transfers in	-	17,690	17,690	-
Transfers out	(29,500)	(29,500)	(29,500)	-
Total other financing sources (uses)	(29,500)	(11,810)	(11,810)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(79,147)	(79,147)	62,658	141,805
FUND BALANCE, beginning of period	449,636	449,636	503,457	53,821
FUND BALANCE - BUDGETARY BASIS, end of period	\$ 370,489	\$ 370,489	566,115	\$ 195,626
Adjustments to GAAP				
Reverse crossyear POs			2,678	
Reverse current year encumbrances			10,325	
FUND BALANCE - GAAP BASIS, end of period			\$ 579,118	

**CITY OF GEORGETOWN, TEXAS
TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL BUDGETARY BASIS</u>	<u>VARIANCE TO BUDGET</u>
REVENUES				
Grant revenue	\$ -	\$ 61,200	\$ 61,200	\$ -
Total revenues	-	61,200	61,200	-
EXPENDITURES				
Operations	-	61,200	61,200	-
Total expenditures	-	61,200	61,200	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, beginning of period	-	-	-	-
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Adjustments to GAAP				
Reverse current year encumbrances			-	
FUND BALANCE - GAAP BASIS, end of period			<u>\$ -</u>	

**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES – MAJOR GOVERNMENTAL FUNDS**

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 5,634,671	\$ 4,644,163
Investments	4,427,242	5,910,753
Accounts receivable (net of allowance for uncollectible accounts)		
Delinquent taxes	191,580	199,571
Sales taxes	1,850,703	1,857,933
Other	1,788,005	2,446,052
Due from other funds	664,989	-
Prepaid items	11,050	13,903
Inventories	11,760	4,794
TOTAL ASSETS	<u>\$ 14,580,000</u>	<u>\$ 15,077,169</u>
LIABILITIES		
Accounts payable	\$ 1,871,213	\$ 1,476,720
Unearned revenue	344,528	350,776
Total liabilities	2,215,741	1,827,496
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	191,580	199,570
Total deferred inflows of resources	191,580	199,570
Nonspendable	22,810	18,697
Spendable		
Committed	7,500,000	7,400,000
Assigned	1,755,953	1,631,482
Unassigned	2,893,916	3,999,924
Total fund balance	<u>12,172,679</u>	<u>13,050,103</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 14,580,000</u>	<u>\$ 15,077,169</u>

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Property taxes		
Current	\$ 9,411,873	\$ 9,684,339
Delinquent	47,484	44,828
Penalties and interest	76,910	79,396
Other	293,655	234,550
Sales tax	10,984,723	10,007,841
Franchise taxes	4,478,899	4,471,487
Licenses and permits	1,932,563	1,536,660
Charges for service	9,682,702	9,302,816
Fines	598,717	670,582
Donations and grants	442,565	202,837
Investment income	26,827	34,610
Other income	213,055	1,222,561
Total revenues	<u>38,189,973</u>	<u>37,492,507</u>
EXPENDITURES		
Current		
Culture - recreation	8,401,551	7,945,906
Development	2,003,688	1,579,575
Fire services	9,455,714	8,638,166
General government	3,013,544	2,908,971
Highways and streets	4,343,508	3,378,979
Environmental services	5,092,327	4,857,396
Police	11,687,498	11,471,418
Total expenditures	<u>43,997,830</u>	<u>40,780,411</u>
EXCESS (DEFICIENCY)		
REVENUES OVER EXPENDITURES	<u>(5,807,857)</u>	<u>(3,287,904)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	6,964,508	6,655,673
Transfers out	(2,034,075)	(949,076)
Total other financing sources (uses)	<u>4,930,433</u>	<u>5,706,597</u>
Net changes in fund balances	(877,424)	2,418,693
FUND BALANCES, beginning of period	<u>13,050,103</u>	<u>10,631,410</u>
FUND BALANCES, end of period	<u><u>\$ 12,172,679</u></u>	<u><u>\$ 13,050,103</u></u>

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS)-
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)**

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2013 ACTUAL BUDGETARY BASIS
REVENUES					
Taxes					
Property tax					
Current	\$ 9,650,000	\$ 9,650,000	\$ 9,411,873	\$ (238,127)	\$ 9,684,339
Delinquent	70,000	70,000	47,484	(22,516)	44,828
Penalties and interest	90,000	90,000	76,910	(13,090)	79,396
Total property tax	9,810,000	9,810,000	9,536,267	(273,733)	9,808,563
Sales tax	9,737,500	9,749,795	10,984,723	1,234,928	10,007,841
Franchise taxes	4,192,030	4,192,030	4,478,899	286,869	4,471,487
Other	215,000	215,000	293,655	78,655	234,550
Total taxes	23,954,530	23,966,825	25,293,544	1,326,719	24,522,441
LICENSES AND PERMITS					
Permits and inspection fees	1,241,500	1,241,500	1,924,328	682,828	1,527,833
Licenses	10,000	10,000	8,235	(1,765)	20,225
Total licenses and permits	1,251,500	1,251,500	1,932,563	681,063	1,548,058
CHARGES FOR SERVICES					
Library	74,620	74,620	85,020	10,400	81,783
Animal services	2,000	2,000	2,210	210	2,646
Parks and recreation	2,152,500	2,152,500	1,945,876	(206,624)	1,934,022
Environmental services	6,432,373	6,432,373	5,962,387	(469,986)	5,800,775
Fire protection	1,380,000	1,380,000	1,484,672	104,672	1,322,643
Police support	135,350	135,350	201,535	66,185	148,422
Total charges for services	10,176,843	10,176,843	9,681,700	(495,143)	9,290,291
FINES AND FORFEITURES	791,500	791,500	598,717	(192,783)	670,581
INTEREST AND OTHER					
Investment income	25,000	25,000	26,908	1,908	34,511
Rent	114,000	114,000	76,501	(37,499)	166,070
Miscellaneous	931,747	931,747	580,114	(351,633)	1,260,455
Total interest and other	1,070,747	1,070,747	683,523	(387,224)	1,461,036
TOTAL REVENUES	37,245,120	37,257,415	38,190,047	932,632	37,492,407
EXPENDITURES					
Culture-recreation					
Downtown & community service admin					
Personnel	365,941	383,691	383,691	-	331,246
Operations	121,928	153,686	153,686	-	48,512
Capital outlay	25,000	10,000	10,000	-	-
Total downtown & community svc admin	512,869	547,377	547,377	-	379,758
Parks					
Personnel	1,276,080	1,281,126	1,276,728	4,398	1,204,363
Operations	1,039,551	1,071,076	1,071,076	-	937,790
Capital outlay	170,000	170,000	169,535	465	99,986
Total parks	2,485,631	2,522,202	2,517,339	4,863	2,242,139
Recreation					
Personnel	1,081,183	1,109,423	1,088,288	21,135	1,030,274
Operations	919,854	919,854	850,795	69,059	935,124
Total recreation	2,001,037	2,029,277	1,939,083	90,194	1,965,398
Recreation programs					
Personnel	931,280	927,224	863,124	64,100	814,577
Operations	792,881	822,697	822,677	20	809,673
Total recreation programs	1,724,161	1,749,921	1,685,801	64,120	1,624,250

(continued)

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS)-
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)**

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2013 ACTUAL BUDGETARY BASIS
Library					
Personnel	\$ 1,114,838	\$ 1,120,728	\$ 1,116,282	\$ 4,446	\$ 1,040,258
Operations	594,926	577,032	557,818	19,214	520,736
Capital outlay	140,966	140,966	140,139	827	141,505
Total library	1,850,730	1,838,726	1,814,239	24,487	1,702,499
TOTAL CULTURE - RECREATION	8,574,428	8,687,503	8,503,839	183,664	7,914,044
DEVELOPMENT					
Planning					
Personnel	644,106	674,446	674,442	4	652,227
Operations	141,555	136,875	133,441	3,434	100,544
Total planning	785,661	811,321	807,883	3,438	752,771
Inspection services					
Personnel	775,481	775,481	745,891	29,590	682,766
Operations	158,579	158,579	151,484	7,095	137,855
Total inspection services	934,060	934,060	897,375	36,685	820,621
Code enforcement					
Personnel	238,454	238,454	230,551	7,903	227,024
Operations	82,193	82,193	75,221	6,972	88,722
Total code enforcement	320,647	320,647	305,772	14,875	315,746
TOTAL DEVELOPMENT	2,040,368	2,066,028	2,011,030	54,998	1,889,138
ENVIRONMENTAL SERVICES					
Environmental Services					
Personnel	68,525	68,525	39,254	29,271	55,921
Operations	5,388,436	5,388,436	5,059,345	329,091	4,795,008
Capital outlay	5,000	5,000		5,000	150,000
Total environmental services	5,461,961	5,461,961	5,098,599	363,362	5,000,929
TOTAL ENVIRONMENTAL SERVICES	5,461,961	5,461,961	5,098,599	363,362	5,000,929
FIRE SERVICES					
Support Services					
Personnel	667,565	653,094	653,094	-	632,590
Operations	479,862	492,951	492,951	-	387,489
Total support services	1,147,427	1,146,045	1,146,045	-	1,020,079
Emergency Services					
Personnel	7,365,274	7,476,981	7,476,980	1	6,738,779
Operations	964,326	854,001	853,996	5	892,660
Total emergency services	8,329,600	8,330,982	8,330,976	6	7,631,439
TOTAL FIRE SERVICES	9,477,027	9,477,027	9,477,021	6	8,651,518
GENERAL GOVERNMENT					
General government					
Operations	1,737,843	1,677,430	1,677,430	-	1,710,105
Total general government	1,737,843	1,677,430	1,677,430	-	1,710,105
City council					
Personnel	312,020	325,803	323,156	2,647	249,952
Operations	167,815	167,815	149,448	18,367	135,252
Capital outlay	-	-	-	-	1,445
Total city council	479,835	493,618	472,604	21,014	386,649

(continued)

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS)-
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)**

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2013 ACTUAL BUDGETARY BASIS
City manager's office					
Personnel	\$ 599,670	\$ 444,595	\$ 418,348	\$ 26,247	\$ 383,163
Operations	247,566	247,566	203,636	43,930	156,735
Capital outlay	-	-	-	-	12,039
Total city manager's office	847,236	692,161	621,984	70,177	551,937
Communication office					
Personnel	193,702	203,162	202,479	683	190,833
Operations	72,584	76,139	76,135	4	56,537
Capital outlay	100,000	96,445	86,915	9,530	-
Total communication office	366,286	375,746	365,529	10,217	247,370
TOTAL GENERAL GOVERNMENT	3,431,200	3,238,955	3,137,547	101,408	2,896,061
HIGHWAYS AND STREETS					
Transportation Admin					
Personnel	319,761	316,701	316,697	4	256,940
Operations	202,918	206,213	206,213	-	97,858
Capital outlay	150,000	149,765	149,718	47	28,125
Total transportation admin	672,679	672,679	672,628	51	382,923
Streets					
Personnel	1,094,364	1,008,349	932,536	75,813	917,722
Operations	1,184,814	1,270,829	1,270,826	3	1,163,191
Capital outlay	2,083,938	2,083,938	1,409,077	674,861	1,444,187
Total streets	4,363,116	4,363,116	3,612,439	750,677	3,525,100
TOTAL HIGHWAYS AND STREETS	5,035,795	5,035,795	4,285,067	750,728	3,908,023
POLICE SERVICES					
Organization and administration					
Personnel	431,784	445,824	445,824	-	420,721
Operations	1,451,967	1,458,609	1,458,609	-	1,391,704
Capital outlay	-	145	145	-	-
Total organization and administration	1,883,751	1,904,578	1,904,578	-	1,812,425
Field operations bureau					
Personnel	8,366,928	8,366,928	8,164,686	202,242	7,677,002
Operations	363,316	359,819	334,195	25,624	482,188
Capital outlay	-	210	210	-	-
Total field operations bureau	8,730,244	8,726,957	8,499,091	227,866	8,159,190
Animal services					
Personnel	558,135	575,080	571,034	4,046	475,607
Operations	221,879	221,879	182,353	39,526	192,154
Total animal services	780,014	796,959	753,387	43,572	667,761
Municipal court					
Personnel	430,423	409,652	386,318	23,334	375,330
Operations	108,819	129,590	129,790	(200)	126,300
Capital outlay	-	-	-	-	-
Total municipal court	539,242	539,242	516,108	23,134	501,630
TOTAL POLICE SERVICES	11,933,251	11,967,736	11,673,164	294,572	11,141,006

(continued)

**CITY OF GEORGETOWN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS)-
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)**

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2013 ACTUAL BUDGETARY BASIS
TOTAL EXPENDITURES	<u>\$ 45,954,030</u>	<u>\$ 45,935,005</u>	<u>\$ 44,186,267</u>	<u>\$ 1,748,738</u>	<u>\$ 41,400,719</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,708,910)</u>	<u>(8,677,590)</u>	<u>(5,996,220)</u>	<u>2,681,370</u>	<u>(3,908,312)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	6,733,736	6,733,736	6,964,508	230,772	6,655,673
Transfers out	<u>(321,886)</u>	<u>(2,043,206)</u>	<u>(2,034,075)</u>	<u>9,131</u>	<u>(799,076)</u>
Total other financing sources (uses)	<u>6,411,850</u>	<u>4,690,530</u>	<u>4,930,433</u>	<u>239,903</u>	<u>5,856,597</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	<u>(2,297,060)</u>	<u>(3,987,060)</u>	<u>(1,065,787)</u>	<u>2,921,273</u>	<u>1,948,285</u>
FUND BALANCE - BUDGETARY BASIS, Beginning of period	9,821,956	11,511,956	11,418,522	(93,434)	9,470,237
FUND BALANCE - BUDGETARY BASIS, End of period	<u>\$ 7,524,896</u>	<u>\$ 7,524,896</u>	<u>10,352,735</u>	<u>\$ 2,827,839</u>	<u>11,418,522</u>
Adjustments to GAAP					
Reverse current year encumbrances			1,755,953		1,631,482
Record net unrealized gain (loss) on investments			(78)		99
Reverse voided purchase orders			<u>64,069</u>		<u>-</u>
FUND BALANCE - GAAP BASIS, End of period			<u>\$ 12,172,679</u>		<u>\$ 13,050,103</u>

**CITY OF GEORGETOWN, TEXAS
 GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION
 COMPARATIVE BALANCE SHEETS
 AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Investments	\$ 11,042,074	\$ 9,713,398
Accounts receivable		
Sales Tax	822,533	825,748
Grants	<u>3,023,831</u>	<u>2,675,172</u>
TOTAL ASSETS	<u><u>\$ 14,888,438</u></u>	<u><u>\$ 13,214,318</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	<u>\$ 440,776</u>	<u>\$ 549,862</u>
 Total liabilities	 <u>440,776</u>	 <u>549,862</u>
 Fund balances		
Committed	12,386,987	12,292,845
Assigned	<u>2,060,675</u>	<u>371,611</u>
Total fund balance	<u>14,447,662</u>	<u>12,664,456</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 14,888,438</u></u>	<u><u>\$ 13,214,318</u></u>

CITY OF GEORGETOWN, TEXAS
GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Sales Tax	\$ 5,114,052	\$ 4,663,277
Grants	2,734,039	2,675,172
Development taxes	-	484,532
Investment earnings	19,700	19,408
Other	-	915,891
Total revenues	<u>7,867,791</u>	<u>8,758,280</u>
EXPENDITURES		
General government	314,839	235,202
Capital outlay	3,558,178	4,066,538
Principal retirement	485,000	465,000
Interest and fiscal charges	379,534	398,234
Total expenditures	<u>4,737,551</u>	<u>5,164,974</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,130,240</u>	<u>3,593,306</u>
OTHER FINANCING SOURCES (USES)		
Refunding bonds issued		-
Premium on issuance of bonds		
Transfers in	495,638	-
Transfers out	(1,842,672)	(1,936,820)
Payment to refunding escrow agent		-
Total other financing sources (uses)	<u>(1,347,034)</u>	<u>(1,936,820)</u>
NET CHANGE IN FUND BALANCES	1,783,206	1,656,486
FUND BALANCES, beginning of period	<u>12,664,456</u>	<u>11,007,970</u>
FUND BALANCES, end of period	<u><u>\$ 14,447,662</u></u>	<u><u>\$ 12,664,456</u></u>

CITY OF GEORGETOWN, TEXAS
GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2014 Actual Budgetary Basis</u>	<u>Variance to Budget</u>	<u>2013 Actual Budgetary Basis</u>
REVENUES					
Sales Tax	\$ 4,550,000	\$ 4,550,000	\$ 5,114,052	\$ 564,052	\$ 4,663,277
Grants	-	6,054,785	2,734,039	(3,320,746)	2,675,172
Investment earnings	15,000	15,000	20,295	5,295	19,448
Other	500,000	500,000	-	(500,000)	1,400,423
Total revenues	<u>5,065,000</u>	<u>11,119,785</u>	<u>7,868,386</u>	<u>(3,251,399)</u>	<u>8,758,320</u>
EXPENDITURES					
Operations	344,963	344,963	310,498	34,465	254,827
Principal, interest and fiscal charges	866,958	866,958	866,959	(1)	865,559
Capital outlay	<u>4,362,600</u>	<u>15,866,596</u>	<u>4,378,393</u>	<u>11,488,203</u>	<u>3,648,071</u>
Total expenditures	<u>5,574,521</u>	<u>17,078,517</u>	<u>5,555,850</u>	<u>11,522,667</u>	<u>4,768,457</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(509,521)</u>	<u>(5,958,732)</u>	<u>2,312,536</u>	<u>(14,774,066)</u>	<u>3,989,863</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	831,000	831,000	-	(831,000)	-
Transfers in	-	-	495,638	495,638	-
Transfers out	<u>(1,848,560)</u>	<u>(1,848,560)</u>	<u>(1,842,672)</u>	<u>5,888</u>	<u>(1,936,820)</u>
Total other financing sources (uses)	<u>(1,017,560)</u>	<u>(1,017,560)</u>	<u>(1,347,034)</u>	<u>(329,474)</u>	<u>(1,936,820)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	<u>(1,527,081)</u>	<u>(6,976,292)</u>	<u>965,502</u>	<u>(15,103,540)</u>	<u>2,053,043</u>
FUND BALANCE, beginning of period	<u>9,813,341</u>	<u>15,262,552</u>	<u>12,339,757</u>	<u>(2,922,795)</u>	<u>10,286,714</u>
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ 8,286,260</u>	<u>\$ 8,286,260</u>	<u>13,305,259</u>	<u>\$ (18,026,335)</u>	<u>12,339,757</u>
Adjustments to GAAP					
Reverse bond interest			(45,321)		(47,745)
Reverse voided purchase orders			42,700		
Reverse unrealized (loss) gain on investments			238		834
Reverse current year encumbrances			<u>1,144,786</u>		<u>371,610</u>
FUND BALANCE - GAAP BASIS, end of period			<u>\$ 14,447,662</u>		<u>\$ 12,664,456</u>

**CITY OF GEORGETOWN, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents		
Investments	\$ 1,268,186	\$ 1,109,220
Accounts receivable		
Delinquent taxes	<u>130,252</u>	<u>136,659</u>
TOTAL ASSETS	<u><u>\$ 1,398,438</u></u>	<u><u>\$ 1,245,879</u></u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Deferred inflows of resources		
Deferred property taxes	<u>\$ 130,252</u>	<u>\$ 136,659</u>
Total deferred inflows of resources	<u>130,252</u>	<u>136,659</u>
Fund balances		
Restricted	<u>1,268,186</u>	<u>1,109,220</u>
Total fund balance	<u>1,268,186</u>	<u>1,109,220</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 1,398,438</u></u>	<u><u>\$ 1,245,879</u></u>

**CITY OF GEORGETOWN, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Ad valorem taxes		
Current	\$ 9,429,014	\$ 7,356,823
Delinquent	33,966	32,074
	<u>9,462,980</u>	<u>7,388,897</u>
Investment earnings and other	1,614	3,758
	<u>9,464,594</u>	<u>7,392,655</u>
EXPENDITURES		
Principal retirement	7,280,414	5,987,644
Interest and fiscal charges	4,069,793	3,187,838
	<u>11,350,207</u>	<u>9,175,482</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,885,613)</u>	<u>(1,782,827)</u>
OTHER FINANCING SOURCES (USES)		
Payment to refunding escrow agent	(11,911,063)	(11,356,689)
Transfers in	1,842,672	1,936,820
Refunding bonds issued	12,112,970	10,562,592
	<u>2,044,579</u>	<u>1,142,723</u>
NET CHANGE IN FUND BALANCES	158,966	(640,104)
FUND BALANCES, beginning of period	<u>1,109,220</u>	<u>1,749,324</u>
FUND BALANCES, end of period	<u>\$ 1,268,186</u>	<u>\$ 1,109,220</u>

CITY OF GEORGETOWN, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE FOR 2013)

	<u>Original and Final Budget</u>	<u>2014 Actual Budgetary Basis</u>	<u>Variance to Budget</u>	<u>2013 Actual Budgetary Basis</u>
REVENUES				
Ad valorem taxes	\$ 9,190,000	\$ 9,462,980	\$ 272,980	\$ 7,388,897
Investment earnings	10,000	1,477	(8,523)	3,897
Total revenues	9,200,000	9,464,457	264,457	7,392,794
EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
Principal, interest and fiscal charges	(11,177,897)	(11,350,207)	(172,310)	(9,088,525)
Bond proceeds	-	12,112,970	12,112,970	11,005,000
Payment to refunding escrow agent	-	(11,911,063)	(11,911,063)	(11,832,350)
Transfers in	1,842,560	1,842,672	112	1,936,820
Total other financing sources (uses)	(9,335,337)	(9,305,628)	29,709	(7,979,055)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(135,337)	158,829	294,166	(586,261)
FUND BALANCE, beginning of period	1,291,972	1,109,359	(182,613)	1,695,620
FUND BALANCE - BUDGETARY BASIS, end of period	<u>\$ 1,156,635</u>	1,268,188	<u>\$ 111,553</u>	1,109,359
Adjustments to GAAP				
Reverse unrealized (loss) gain on investments		(2)		(139)
FUND BALANCE - GAAP BASIS, end of period		<u>\$ 1,268,186</u>		<u>\$ 1,109,220</u>

**CITY OF GEORGETOWN, TEXAS
GENERAL CAPITAL PROJECTS
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 16,462,458	\$ 18,081,820
Investments	12,934,789	23,013,225
Accounts Receivable	<u>20,000</u>	<u>107,216</u>
TOTAL ASSETS	<u><u>\$ 29,417,247</u></u>	<u><u>\$ 41,202,261</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 3,056,025	\$ 972,406
Unearned revenue	<u>195,765</u>	<u>195,765</u>
Total liabilities	<u>3,251,790</u>	<u>1,168,171</u>
Fund balances		
Restricted	14,840,447	15,438,897
Assigned	<u>11,325,010</u>	<u>24,595,193</u>
Total fund balances	<u>26,165,457</u>	<u>40,034,090</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 29,417,247</u></u>	<u><u>\$ 41,202,261</u></u>

**CITY OF GEORGETOWN, TEXAS
GENERAL CAPITAL PROJECTS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
REVENUES		
Investment earnings	\$ 81,067	\$ 124,363
Grants and donations	4,699,040	57,167
Other	<u>172,720</u>	<u>39,000</u>
Total revenues	<u>4,952,827</u>	<u>220,530</u>
EXPENDITURES		
Interest and fiscal charges	83,910	185,719
Capital outlay	<u>27,952,050</u>	<u>9,583,600</u>
Total expenditures	<u>28,035,960</u>	<u>9,769,319</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(23,083,133)</u>	<u>(9,548,789)</u>
OTHER FINANCING SOURCES (USES)		
Bond proceeds	6,641,000	22,000,000
Transfers in	1,545,500	4,347,426
Transfers out	(2,522,000)	(1,079,224)
Proceeds from sale of property	<u>3,550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>9,214,500</u>	<u>25,268,202</u>
NET CHANGE IN FUND BALANCES	(13,868,633)	15,719,413
FUND BALANCES, beginning of period	<u>40,034,090</u>	<u>24,314,677</u>
FUND BALANCES, end of period	<u><u>\$ 26,165,457</u></u>	<u><u>\$ 40,034,090</u></u>

**CITY OF GEORGETOWN, TEXAS
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE FOR 2013)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2014 Actual Budgetary Basis</u>	<u>Variance to Budget</u>	<u>2013 Actual Budgetary Basis</u>
REVENUES:					
Investment earnings	\$ 50,000	\$ 50,000	\$ 81,950	\$ 31,950	\$ 124,289
Grants & Donations	700,000	700,000	4,699,040	3,999,040	57,167
Other	300,000	300,000	3,722,734	3,422,734	39,000
Total revenues	<u>1,050,000</u>	<u>1,050,000</u>	<u>8,503,724</u>	<u>7,453,724</u>	<u>220,456</u>
EXPENDITURES:					
Capital outlay	22,541,237	27,858,737	14,726,088	13,132,649	28,379,350
Bond issuance cost	59,040	59,040	83,910	(24,870)	185,719
Total expenditures	<u>22,600,277</u>	<u>27,917,777</u>	<u>14,809,998</u>	<u>13,107,779</u>	<u>28,565,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,550,277)</u>	<u>(26,867,777)</u>	<u>(6,306,274)</u>	<u>20,561,503</u>	<u>(28,344,613)</u>
OTHER FINANCING SOURCES (USES):					
Bond proceeds	3,411,040	1,821,040	6,641,000	4,819,960	22,000,000
Transfers in	370,000	1,545,500	1,545,500	-	4,347,426
Transfers out	(2,522,000)	(2,522,000)	(2,522,000)	-	(1,079,224)
Total other financing sources (uses)	<u>1,259,040</u>	<u>844,540</u>	<u>5,664,500</u>	<u>4,819,960</u>	<u>25,268,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	<u>(20,291,237)</u>	<u>(26,023,237)</u>	<u>(641,774)</u>	<u>25,381,463</u>	<u>(3,076,411)</u>
FUND BALANCES, Beginning of period	<u>22,486,616</u>	<u>28,218,616</u>	<u>15,438,821</u>	<u>(12,779,795)</u>	<u>18,515,232</u>
FUND BALANCES - BUDGETARY BASIS, End of Period	<u>\$ 2,195,379</u>	<u>\$ 2,195,379</u>	<u>\$ 14,797,047</u>	<u>\$ 12,601,668</u>	<u>\$ 15,438,821</u>
Adjustments to GAAP:					
Reverse unrealized loss on investments			(883)		75
Reverse current year encumbrances			11,325,010		24,595,194
Reverse voided purchase orders			44,283		-
FUND BALANCES - GAAP BASIS, End of period			<u>\$ 26,165,457</u>		<u>\$ 40,034,090</u>

Combining Financial Statements Nonmajor Proprietary Funds

Enterprise Funds - The City's utilities are accounted for and operated in a manner similar to private business enterprises. Each utility accounted for as an independent entity, is an enterprise fund. Enterprise fund accounting is used where the intent of the City Council is to finance or recover the costs of providing goods or services to the general public on a continuing basis primarily through user charges or when the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Airport Fund - used to account for revenues and expenses related to the operation and maintenance of the City's airport.

Stormwater Drainage Fund - used to account for revenues and expenses related to the operations, capital projects, and debt service of the stormwater drainage facilities.

Internal Service Funds - This fund is used to account for services performed by one government organization or department for others.

Fleet Services Fund - The City uses this fund to purchase and account for all major equipment and vehicles. Each item is assigned an annual lease value which the leasing department pays to the Internal Service Fund. The annual lease value is determined by the projected replacement cost divided by the years of useful life of the item. The payments made by the departments enable the Internal Service Fund to replace equipment and vehicles on a pre-planned schedule to minimize maintenance costs and reduce safety risks due to worn out equipment and vehicles. The fund also provides maintenance for all vehicles through the Vehicle Service Center.

Joint Services Fund - The Joint Services Fund is composed of departments which provide services to more than one city fund. Charges for services provided are determined by allocating each specific department's cost to the using fund.

Facilities Maintenance Fund - The City uses this fund to account for janitorial service, light maintenance, painting, landscape maintenance and roofing and air conditioning repairs for all City buildings. Each building is assigned an annual maintenance cost, which is paid to the Internal Service Fund by the occupying departments, based on square footage occupied. The payments made by the departments enable the Internal Service Fund to provide major and minor facility repairs on a preplanned schedule to minimize maintenance costs and provide preventative care to reduce long-term maintenance and replacement costs.

Information Services Fund - The City uses this fund to account for purchases and maintenance of the City's computer systems. Each department pays an annual predetermined lease payment, based upon the equipment the department has. These payments enable the fund to replace older equipment and upgrade the City's computer resources and provide assistance in maintenance of equipment. This fund also provides for the management of the City's computer systems through personnel in the Information Services department.

Self Insurance Fund – The City uses this account for its self-insurance program providing health insurance to employees and their family members.

**CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2014**

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 502,776	\$ 502,776
Investments	-	395,039	395,039
Accounts receivable			
Services (net of allowance for uncollectibles)	201,592	329,732	531,324
Inventories	16,400	-	16,400
Total current assets	217,992	1,227,547	1,445,539
Noncurrent assets			
Capital assets			
Land and land rights	981,500	-	981,500
Distribution system	79,335	33,976,808	34,056,143
Buildings and improvements	9,641,426	-	9,641,426
Machinery, furniture and equipment	147,237	21,352	168,589
Construction in progress	1,676,685	1,071,485	2,748,170
Less accumulated depreciation	(6,893,500)	(7,003,931)	(13,897,431)
Total capital assets (net of accumulated depreciation)	5,632,683	28,065,714	33,698,397
Total noncurrent assets	5,632,683	28,065,714	33,698,397
TOTAL ASSETS	5,850,675	29,293,261	35,143,936
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	48,453	52,698	101,151
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,899,128</u>	<u>\$ 29,345,959</u>	<u>\$ 35,245,087</u>
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities			
Accounts payable	\$ 51,207	\$ 353,923	\$ 405,130
Accrued employee benefits	6,632	21,744	28,376
Due to other funds	44,252	-	44,252
Current portion of long-term debt	139,724	318,493	458,217
Accrued interest	3,521	13,856	17,377
Total current liabilities	245,336	708,016	953,352
Noncurrent liabilities			
Accrued employee benefits	10,015	30,889	40,904
Long-term debt payable	496,690	2,737,136	3,233,826
Total noncurrent liabilities	506,705	2,768,025	3,274,730
Total liabilities	752,041	3,476,041	4,228,082
Net position			
Invested in capital assets (net of related debt)	4,996,269	25,010,085	30,006,354
Unrestricted	150,818	859,833	1,010,651
Total net position	5,147,087	25,869,918	31,017,005
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,899,128</u>	<u>\$ 29,345,959</u>	<u>\$ 35,245,087</u>

**CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES			
Other	\$ 3,223,311	\$ 2,487,548	\$ 5,710,859
Total operating revenues	3,223,311	2,487,548	5,710,859
OPERATING EXPENSES			
Depreciation	157,048	931,856	1,088,904
Other	3,128,093	1,612,734	4,740,827
Total operating expenses	3,285,141	2,544,590	5,829,731
NET OPERATING INCOME (LOSS)	(61,830)	(57,042)	(118,872)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	189	3,976	4,165
Donations and grants	1,333,932	-	1,333,932
Interest and fiscal charges	(4,686)	(93,840)	(98,526)
Other	31,057	-	31,057
Total nonoperating revenues (expenses)	1,360,492	(89,864)	1,270,628
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,298,662	(146,906)	1,151,756
CONTRIBUTIONS AND TRANSFERS			
Capital contributions	-	2,945,029	2,945,029
Transfer in	131,000	22,850	153,850
Transfers out	(27,195)	(193,488)	(220,683)
Total contributions and transfers	103,805	2,774,391	2,878,196
CHANGE IN NET POSITION	1,402,467	2,627,485	4,029,952
TOTAL NET POSITION, beginning of period	3,744,620	23,242,433	26,987,053
TOTAL NET POSITION, end of period	\$ 5,147,087	\$ 25,869,918	\$ 31,017,005

**CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,351,351	\$ 2,422,259	\$ 5,773,610
Payments to suppliers	(2,839,265)	(970,636)	(3,809,901)
Payments to employees for services	(279,768)	(378,143)	(657,911)
Net cash provided by (used for) operating activities	232,318	1,073,480	1,305,798
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	131,000	22,850	153,850
Transfers out	(27,195)	(193,488)	(220,683)
Net cash provided by (used for) noncapital financing activities	103,805	(170,638)	(66,833)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(377,471)	(669,175)	(1,046,646)
Donations and grants	25,056	-	25,056
Proceeds from issuance of long-term debt	-	459,000	459,000
Principal paid on revenue and certificates of obligation bonds	(115,702)	(265,338)	(381,040)
Interest paid on revenue and certificates of obligation bonds	(53,476)	(144,754)	(198,230)
Net cash provided by (used for) capital and related financing activities	(521,593)	(620,267)	(1,141,860)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	189	3,976	4,165
Change in temporary investments	103,757	(439,424)	(335,667)
Net cash provided by (used for) investing activities	103,946	(435,448)	(331,502)
Net increase (decrease) in cash and cash equivalents	(81,524)	(152,873)	(234,397)
CASH AND CASH EQUIVALENTS, beginning of year	81,524	655,649	737,173
CASH AND CASH EQUIVALENTS, end of year	\$ -	\$ 502,776	\$ 502,776
NON-CASH DISCLOSURE OF CAPITAL ACTIVITY			
Developer contributions	\$ -	\$ 2,945,029	\$ 2,945,029
Noncash grants received	\$ 1,308,876	\$ -	\$ 1,308,876
OPERATING INCOME (LOSS)	\$ (61,830)	\$ (57,042)	\$ (118,872)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities			
Depreciation	157,048	931,856	1,088,904
Other income	31,057	-	31,057
Decrease (increase) in inventories	28,527	-	28,527
Decrease (increase) in accounts receivable	52,731	(65,289)	(12,558)
Increase (decrease) in due to other funds	44,252	-	44,252
Increase (decrease) in accounts payable	(16,454)	261,032	244,578
Increase (decrease) in accrued employee benefits	(3,013)	2,923	(90)
Net cash provided by (used in) operating activities	\$ 232,318	\$ 1,073,480	\$ 1,305,798

CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2014

	FLEET SERVICES FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	SELF INSURANCE FUND	TOTAL 2014
ASSETS						
Current						
Cash and cash equivalents	\$ 786,782	\$ 444,509	\$ 383,672	\$ 263,300	\$ 58,415	\$ 1,936,678
Investments	618,186	349,257	301,457	206,879	45,898	1,521,677
Prepaid expense	-	30,557	-	-	233,069	263,626
Accounts receivable	-	27,251	523	478	492,195	520,447
Inventories	-	306,242	-	-	-	306,242
Total current assets	1,404,968	1,157,816	685,652	470,657	829,577	4,548,670
Property and equipment						
Land and land rights	-	214,066	-	-	-	214,066
Buildings and improvements	-	813,680	831,866	-	-	1,645,546
Machinery, furniture and equipment	22,058,060	1,171,440	739,014	5,268,148	-	29,236,662
Units in progress	400,000	-	568,582	-	-	968,582
Total property and equipment cost	22,458,060	2,199,186	2,139,462	5,268,148	-	32,064,856
Less accumulated depreciation	(12,090,637)	(1,957,739)	(1,121,434)	(4,689,823)	-	(19,859,633)
Net property and equipment	10,367,423	241,447	1,018,028	578,325	-	12,205,223
TOTAL ASSETS	\$ 11,772,391	\$ 1,399,263	\$ 1,703,680	\$ 1,048,982	\$ 829,577	\$ 16,753,893
LIABILITIES AND NET POSITION						
Liabilities						
Current liabilities						
Accounts payable	\$ 179,322	\$ 636,463	\$ 201,783	\$ 74,347	\$ 373,150	\$ 1,465,065
Accrued employee benefits	16,062	-	10,684	23,983	-	50,729
Due to other funds	-	-	-	-	233,069	233,069
Total current liabilities	195,384	636,463	212,467	98,330	606,219	1,748,863
Long term liabilities						
Accrued employee benefits	21,602	-	13,092	32,095	-	66,789
Total liabilities	216,986	636,463	225,559	130,425	-	1,815,652
Net Position						
Net of investment in capital assets	10,367,425	241,447	1,018,027	578,324	-	12,205,223
Unrestricted	1,187,980	521,353	460,094	340,233	223,358	2,733,018
Total net position	11,555,405	762,800	1,478,121	918,557	223,358	14,938,241
TOTAL LIABILITIES AND NET POSITION	\$ 11,772,391	\$ 1,399,263	\$ 1,703,680	\$ 1,048,982	\$ 829,577	\$ 16,753,893

CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	FLEET SERVICES FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	SELF INSURANCE FUND	TOTAL 2014
OPERATING REVENUES - Charges for services	\$ 2,475,712	\$ 10,215,390	\$ 1,994,122	\$ 2,756,470	\$ 3,325,781	\$ 20,767,475
OPERATING EXPENSES						
Administration	-	945,233	-	-	-	945,233
Accounting	-	653,216	-	-	-	653,216
City wide HR services	-	279,198	-	-	-	279,198
Conservation	-	398,468	-	-	-	398,468
Customer care	-	1,444,252	-	-	-	1,444,252
Economic development administration	-	356,757	-	-	-	356,757
Engineering support	-	757,466	-	-	-	757,466
Facilities maintenance contracts	-	-	1,329,759	-	-	1,329,759
Facilities maintenance services	-	-	803,444	-	-	803,444
Finance and administration	-	843,400	-	-	-	843,400
Fleet management operations	224,978	-	-	-	-	224,978
GIS	-	-	-	391,296	-	391,296
Human resources	-	640,777	-	-	-	640,777
Information technology	-	-	-	1,263,200	-	1,263,200
Information technology capital replacement & contracts	-	-	-	1,357,482	-	1,357,482
Joint services contracts	-	1,439,063	-	-	-	1,439,063
Legal services	-	604,551	-	-	-	604,551
Main street	-	131,239	-	-	-	131,239
Medical insurance	-	-	-	-	3,102,481	3,102,481
Purchasing	-	652,930	-	-	-	652,930
Service center	1,065,299	-	-	-	-	1,065,299
Systems engineering	-	1,262,737	-	-	-	1,262,737
Depreciation	1,343,832	16,120	122,458	663,669	-	2,146,079
Total operating expenses	2,634,109	10,425,407	2,255,661	3,675,647	3,102,481	22,093,305
NET OPERATING INCOME (LOSS)	(158,397)	(210,017)	(261,539)	(919,177)	223,300	(1,325,830)
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	6,915	1,348	4,533	4,371	58	17,225
Loss on sale of assets	(246,234)	-	-	-	-	(246,234)
Other	-	170,949	-	15,935	-	186,884
Total nonoperating revenues (expenses)	(239,319)	172,297	4,533	20,306	58	(42,125)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(397,716)	(37,720)	(257,006)	(898,871)	223,358	(1,367,955)
CONTRIBUTIONS AND TRANSFERS						
Capital contributions	-	-	-	51,888	-	51,888
Transfers in	2,295,333	177,450	31,300	373,696	-	2,877,779
Transfers out	-	(120,775)	(205,800)	-	-	(326,575)
Total contributions and transfers	2,295,333	56,675	(174,500)	425,584	-	2,603,092
CHANGE IN NET POSITION	1,897,617	18,955	(431,506)	(473,287)	223,358	1,235,137
NET POSITION, beginning of period	9,657,788	743,845	1,909,627	1,391,844	-	13,703,104
NET POSITION, end of period	\$ 11,555,405	\$ 762,800	\$ 1,478,121	\$ 918,557	\$ 223,358	\$ 14,938,241

CITY OF GEORGETOWN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	FLEET SERVICES FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	SELF INSURANCE FUND	TOTAL 2014
CASH FLOWS FROM OPERATING ACTIVITIES						
Department contributions	\$ 2,475,712	\$ 10,380,430	\$ 1,993,599	\$ 2,771,927	\$ 3,066,655	\$ 20,688,323
Payments to suppliers	(686,046)	(3,920,525)	(1,631,564)	(1,643,777)	(2,962,400)	(10,844,312)
Payments to employees for services	(531,437)	(6,640,433)	(440,276)	(1,404,404)	-	(9,016,550)
Net cash provided by (used in) operating activities	1,258,229	(180,528)	(78,241)	(276,254)	104,255	827,461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	2,295,333	177,450	31,300	373,696	-	2,877,779
Transfers out	-	(120,775)	(205,800)	-	-	(326,575)
Net cash provided by noncapital financing activities	2,295,333	56,675	(174,500)	373,696	-	2,551,204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(4,291,899)	-	(152,258)	(250,418)	-	(4,694,575)
Net cash (used) for capital and related financing activities	(4,291,899)	-	(152,258)	(250,418)	-	(4,694,575)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	6,915	1,348	4,533	4,371	58	17,225
Change in temporary investments	578,192	163,855	306,476	139,640	(45,898)	1,142,265
Net cash provided by (used in) investing activities	585,107	165,203	311,009	144,011	(45,840)	1,159,490
Net increase (decrease) in cash	(153,230)	41,350	(93,990)	(8,965)	58,415	(156,420)
CASH AND CASH EQUIVALENTS, beginning of year	940,012	403,159	477,662	272,265	-	2,093,098
CASH AND CASH EQUIVALENTS, end of year	\$ 786,782	\$ 444,509	\$ 383,672	\$ 263,300	\$ 58,415	\$ 1,936,678
NON-CASH DISCLOSURE						
Developer contributions received	\$ -	\$ -	\$ -	\$ 51,888	\$ -	\$ 51,888
OPERATING INCOME (LOSS)	\$ (158,397)	\$ (210,017)	\$ (261,539)	\$ (919,177)	\$ 223,300	\$ (1,325,830)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:						
Depreciation	1,343,832	16,120	122,458	663,669	-	2,146,079
Other income	-	170,949	-	15,935	-	186,884
Decrease (increase) in prepaid expenses	-	(23,157)	-	-	(233,069)	(256,226)
Decrease (increase) in inventories	-	24,270	-	-	-	24,270
Decrease (increase) in accounts receivable	-	(5,909)	(523)	(478)	(492,195)	(499,105)
Increase (decrease) in due to other funds	-	-	-	-	233,069	233,069
Increase (decrease) in accounts payable	71,745	(152,784)	81,101	(34,720)	373,150	338,492
Increase (decrease) in accrued employee benefits	1,049	-	(19,738)	(1,483)	-	(20,172)
Net cash provided by (used in) operating activities	\$ 1,258,229	\$ (180,528)	\$ (78,241)	\$ (276,254)	\$ 104,255	\$ 827,461



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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS – ENTERPRISE FUNDS**

**CITY OF GEORGETOWN, TEXAS
ELECTRIC FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013**

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,889,748	\$ 2,938,798
Cash and cash equivalents - restricted	473,954	342,794
Investments	3,056,230	3,740,288
Investments - restricted	372,408	436,392
Prepaid expenses	979,111	358,000
Accounts receivable		
Services (net of allowance for uncollectibles)	8,327,540	8,455,398
Other	698,637	519,336
Due from other funds	77,690	-
Inventories	3,105,411	3,322,546
Total current assets	<u>20,980,729</u>	<u>20,113,552</u>
Property and equipment		
Land and land rights	1,259,415	1,120,807
Distribution system	120,756,277	119,932,483
Buildings and improvements	73,707	73,707
Machinery, furniture and equipment	2,112,232	2,068,846
Construction in progress	1,059,832	271,916
Total cost property and equipment	<u>125,261,463</u>	<u>123,467,759</u>
Less accumulated depreciation	<u>(37,449,921)</u>	<u>(34,383,069)</u>
Net property and equipment	<u>87,811,542</u>	<u>89,084,690</u>
TOTAL ASSETS	<u>108,792,271</u>	<u>109,198,242</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	947,943	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 109,740,214</u></u>	<u><u>\$ 109,198,242</u></u>
LIABILITIES AND NET POSITION		
Liabilities		
Current liabilities		
Accounts payable	\$ 4,347,592	\$ 4,661,348
Accrued employee benefits	190,423	177,643
Current portion of long-term debt	2,619,358	2,099,971
Accrued interest	136,637	130,996
Total current liabilities payable from unrestricted assets	<u>7,294,010</u>	<u>7,069,958</u>
Current liabilities payable from restricted assets		
Construction contracts and retainages payable	22,689	3,375
Customer deposits	846,347	779,078
Total current liabilities payable from restricted assets	<u>869,036</u>	<u>782,453</u>
Total current liabilities	<u>8,163,046</u>	<u>7,852,411</u>
Long term liabilities		
Accrued employee benefits	405,385	391,335
Long-term debt	28,727,862	24,885,720
Total noncurrent liabilities	<u>29,133,247</u>	<u>25,277,055</u>
Total liabilities	<u>37,296,293</u>	<u>33,129,466</u>
Net position		
Invested in capital assets (net of related debt)	58,320,046	64,131,499
Unrestricted	14,123,875	11,937,277
Total net position	<u>72,443,921</u>	<u>76,068,776</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 109,740,214</u></u>	<u><u>\$ 109,198,242</u></u>

**CITY OF GEORGETOWN, TEXAS
ELECTRIC FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FISCAL YEAR ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Electric services	\$ 58,017,664	\$ 53,780,319
Other		
Penalties	414,170	389,745
Connection and hookup fees	529,359	573,915
Total other	943,529	963,660
TOTAL OPERATING REVENUES	58,961,193	54,743,979
OPERATING EXPENSES		
Electric operations		
Personnel	4,545,777	4,118,430
Operations	2,510,447	3,147,003
Total electric operations	7,056,224	7,265,433
Depreciation	3,883,974	3,473,765
Electric contracts	48,295,134	34,760,711
TOTAL OPERATING EXPENSES	59,235,332	45,499,909
NET OPERATING INCOME (LOSS)	(274,139)	9,244,070
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	21,187	37,282
Interest and fiscal charges	(838,098)	(1,043,113)
Other	1,358,042	2,332,837
Total nonoperating revenues (expenses)	541,131	1,327,006
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	266,992	10,571,076
CONTRIBUTIONS AND TRANSFERS		
Capital contributions	700,922	510,454
Transfers out	(4,592,769)	(7,195,714)
Total contributions and transfers	(3,891,847)	(6,685,260)
CHANGE IN NET POSITION	(3,624,855)	3,885,816
NET POSITION, beginning of period	76,068,776	72,619,622
RESTATEMENT	-	(436,662)
NET POSITION, end of period	\$ 72,443,921	\$ 76,068,776

**CITY OF GEORGETOWN, TEXAS
WATER SERVICES FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013**

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,785,842	\$ 7,853,395
Cash and cash equivalents - restricted	443,365	269,480
Investments	9,356,506	9,995,656
Investments - restricted	8,811,266	2,198,051
Prepaid expenses	2,756,532	1,935,843
Accounts receivable		
Services (net of allowance for uncollectibles)	4,759,752	3,960,650
Other	1,149,505	504,609
Due from other funds	153,691	-
Inventories	149,305	-
Other	12,747	-
Total current assets	<u>43,378,511</u>	<u>26,717,684</u>
Noncurrent Assets		
Long-term note receivables	986,372	1,053,422
Total noncurrent assets	<u>986,372</u>	<u>1,053,422</u>
Property and Equipment		
Land and land rights	784,888	469,355
Distribution system	227,219,935	211,068,057
Buildings and improvements	3,669,971	3,019,793
Machinery, furniture and equipment	672,108	446,588
Water system	68,273,698	-
Construction in progress	3,850,773	11,921,546
Total cost property and equipment	<u>304,471,373</u>	<u>226,925,339</u>
Less accumulated depreciation	<u>(62,524,770)</u>	<u>(56,956,296)</u>
Net property and equipment	<u>241,946,603</u>	<u>169,969,043</u>
TOTAL ASSETS	<u>286,311,486</u>	<u>197,740,149</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	822,657	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 287,134,143</u></u>	<u><u>\$ 197,740,149</u></u>
LIABILITIES AND NET POSITION		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,813,908	\$ 785,497
Accrued employee benefits	119,735	112,397
Current portion of long-term debt	3,291,817	2,716,899
Accrued interest	184,606	153,621
Total current liabilities payable from unrestricted assets	<u>5,410,066</u>	<u>3,768,414</u>
Current liabilities payable from restricted assets		
Construction contracts and retainages payable	454,688	556,918
Total current liabilities payable from restricted assets	<u>454,688</u>	<u>556,918</u>
Total current liabilities	<u>5,864,754</u>	<u>4,325,332</u>
Long term liabilities		
Accrued employee benefits	173,807	164,818
Long-term debt	39,412,060	29,325,488
Total noncurrent liabilities	<u>39,585,867</u>	<u>29,490,306</u>
Total liabilities	<u>45,450,621</u>	<u>33,815,638</u>
Net Position		
Invested in capital assets (net of related debt)	199,242,726	141,814,236
Unrestricted	42,440,796	22,110,275
Total net position	<u>241,683,522</u>	<u>163,924,511</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 287,134,143</u></u>	<u><u>\$ 197,740,149</u></u>

**CITY OF GEORGETOWN, TEXAS
WATER SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	2014	2013
OPERATING REVENUES		
Water/irrigation		
Water services	\$ 16,274,888	\$ 16,326,998
Wastewater services	8,678,320	8,384,470
Irrigation services	209,415	218,940
Rural water services	1,047,324	-
Water/wastewater/rural tap fees	1,791,494	1,317,047
Total water/irrigation	<u>28,001,441</u>	<u>26,247,455</u>
Other		
Penalties	203,266	185,949
Connection and hookup fees	67,944	60,007
Service fees	734,443	750,952
Total other	<u>1,005,653</u>	<u>996,908</u>
TOTAL OPERATING REVENUES	<u>29,007,094</u>	<u>27,244,363</u>
OPERATING EXPENSES		
Water services distribution		
Personnel	2,471,084	2,317,767
Operations	6,090,587	5,419,774
Total water services distribution	<u>8,561,671</u>	<u>7,737,541</u>
Depreciation	5,568,473	5,146,573
Water services plant management	2,162,072	2,320,108
Water services contracts	<u>6,852,150</u>	<u>6,719,601</u>
TOTAL OPERATING EXPENSES	<u>23,144,366</u>	<u>21,923,823</u>
NET OPERATING INCOME	<u>5,862,728</u>	<u>5,320,540</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	72,663	80,995
Interest and fiscal charges	(1,014,361)	(920,540)
Other	4,652,862	2,555,280
Total nonoperating revenue (expenses)	<u>3,711,164</u>	<u>1,715,735</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>9,573,892</u>	<u>7,036,275</u>
CONTRIBUTIONS AND TRANSFERS		
Capital contributions	71,141,124	2,708,649
Transfers in	69,108	69,108
Transfers out	(3,025,113)	(4,415,334)
Total contributions and transfers	<u>68,185,119</u>	<u>(1,637,577)</u>
CHANGE IN NET POSITION	77,759,011	5,398,698
NET POSITION, beginning of period	163,924,511	159,089,183
RESTATEMENT	-	(563,370)
NET POSITION, end of period	<u>\$ 241,683,522</u>	<u>\$ 163,924,511</u>

**CITY OF GEORGETOWN, TEXAS
STORMWATER DRAINAGE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 502,776	\$ 655,649
Investments	395,039	834,463
Receivable for services (net of allowance for uncollectibles)	329,732	264,443
Total current assets	<u>1,227,547</u>	<u>1,754,555</u>
Property and Equipment		
Distribution system	33,976,808	30,522,292
Machinery, furniture and equipment	21,352	14,050
Construction in progress	1,071,485	40,250
Total cost property and equipment	35,069,645	30,576,592
Less accumulated depreciation	(7,003,931)	(6,072,074)
Net property and equipment	<u>28,065,714</u>	<u>24,504,518</u>
TOTAL ASSETS	<u>29,293,261</u>	<u>26,259,073</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	52,698	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,345,959</u>	<u>\$ 26,259,073</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current liabilities		
Accounts payable	\$ 353,923	\$ 92,891
Accrued employee benefits	21,744	20,266
Current portion of long-term debt	318,493	297,127
Accrued interest	13,856	12,072
Total current liabilities	<u>708,016</u>	<u>422,356</u>
Long term liabilities		
Accrued employee benefits	30,889	29,444
Long-term debt	2,737,136	2,564,840
Total noncurrent liabilities	<u>2,768,025</u>	<u>2,594,284</u>
Total liabilities	<u>3,476,041</u>	<u>3,016,640</u>
Net Position		
Invested in capital assets (net of related debt)	25,010,085	21,642,550
Unrestricted	859,833	1,599,883
Total net position	<u>25,869,918</u>	<u>23,242,433</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 29,345,959</u>	<u>\$ 26,259,073</u>

**CITY OF GEORGETOWN, TEXAS
STORMWATER DRAINAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Stormwater drainage fees	\$ 2,469,095	\$ 2,189,968
Other		
Penalties	18,453	16,140
Total other	<u>18,453</u>	<u>16,140</u>
TOTAL OPERATING REVENUES	<u>2,487,548</u>	<u>2,206,108</u>
OPERATING EXPENSES		
Stormwater drainage		
Personnel	381,066	247,950
Operations	1,171,684	992,986
Capital Outlay	59,984	-
Total stormwater drainage	<u>1,612,734</u>	<u>1,240,936</u>
Depreciation	<u>931,856</u>	<u>842,847</u>
TOTAL OPERATING EXPENSES	<u>2,544,590</u>	<u>2,083,783</u>
NET OPERATING INCOME	<u>(57,042)</u>	<u>122,325</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	3,976	6,805
Interest and fiscal charges	(93,840)	(120,389)
Total nonoperating revenue (expenses)	<u>(89,864)</u>	<u>(113,584)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(146,906)</u>	<u>8,741</u>
CONTRIBUTIONS AND TRANSFERS		
Capital contributions	2,945,029	1,339,193
Transfers in	22,850	-
Transfers out	(193,488)	(177,859)
Total contributions and transfers	<u>2,774,391</u>	<u>1,161,334</u>
CHANGE IN NET POSITION	2,627,485	1,170,075
NET POSITION, beginning of period	23,242,433	22,160,827
RESTATEMENT	<u>-</u>	<u>(88,469)</u>
NET POSITION, end of period	<u><u>\$ 25,869,918</u></u>	<u><u>\$ 23,242,433</u></u>

**CITY OF GEORGETOWN, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ -	\$ 81,524
Investments	-	103,757
Accounts receivable		
Services (net of allowance for uncollectibles)	201,592	254,323
Inventories	16,400	44,927
Total current assets	<u>217,992</u>	<u>484,531</u>
Noncurrent Assets		
Property and Equipment		
Land and land rights	981,500	981,500
Distribution system	79,335	79,335
Buildings and improvements	9,641,426	9,641,425
Machinery, furniture and equipment	147,237	137,577
Construction in progress	1,676,685	-
Total cost property and equipment	<u>12,526,183</u>	<u>10,839,837</u>
Less accumulated depreciation	<u>(6,893,500)</u>	<u>(6,736,453)</u>
Net property and equipment	<u>5,632,683</u>	<u>4,103,384</u>
TOTAL ASSETS	<u>5,850,675</u>	<u>4,587,915</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>48,453</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,899,128</u>	<u>\$ 4,587,915</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current liabilities		
Accounts payable	\$ 51,207	\$ 67,661
Accrued employee benefits	6,632	8,074
Due to other funds	44,252	-
Current portion of long-term debt	139,724	137,951
Accrued interest	3,521	3,858
Total current liabilities	<u>245,336</u>	<u>217,544</u>
Long term liabilities		
Accrued employee benefits	10,015	11,586
Long-term debt	496,690	614,165
Total noncurrent liabilities	<u>506,705</u>	<u>625,751</u>
Total liabilities	<u>752,041</u>	<u>843,295</u>
Net Position		
Invested in capital assets (net of related debt)	4,996,269	3,351,269
Unrestricted	150,818	393,351
Total net position	<u>5,147,087</u>	<u>3,744,620</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,899,128</u>	<u>\$ 4,587,915</u>

**CITY OF GEORGETOWN, TEXAS
AIRPORT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Fuel sales	\$ 2,518,237	\$ 2,332,610
Contract leases	217,024	215,079
Hangar/tie down rental fees	362,145	345,916
Terminal sales	1,043	2,985
Other	<u>124,862</u>	<u>9,677</u>
TOTAL OPERATING REVENUES	<u>3,223,311</u>	<u>2,906,267</u>
OPERATING EXPENSES		
Administration		
Personnel	276,755	264,896
Operations	2,851,338	2,718,962
Capital	-	(16,300)
Total administration	<u>3,128,093</u>	<u>2,967,558</u>
Depreciation	<u>157,048</u>	<u>155,598</u>
TOTAL OPERATING EXPENSES	<u>3,285,141</u>	<u>3,123,156</u>
NET OPERATING LOSS	<u>(61,830)</u>	<u>(216,889)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	189	1,240
Interest and fiscal charges	(4,686)	(48,394)
Donations and grants	1,333,932	25,589
Other	<u>31,057</u>	<u>31,141</u>
Total nonoperating revenues (expenses)	<u>1,360,492</u>	<u>9,576</u>
TRANSFERS		
Transfers in	131,000	-
Transfers out	<u>(27,195)</u>	<u>-</u>
Total transfers	<u>103,805</u>	<u>-</u>
CHANGE IN NET POSITION	1,402,467	(207,313)
NET POSITION, beginning of period	3,744,620	3,989,755
RESTATEMENT	<u>-</u>	<u>(37,822)</u>
NET POSITION, end of period	<u><u>\$ 5,147,087</u></u>	<u><u>\$ 3,744,620</u></u>



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AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

**CITY OF GEORGETOWN, TEXAS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
Public improvement districts				
Assets				
Cash and cash equivalents	\$ 39,901	\$ 3,028,163	\$ 2,618,433	\$ 449,631
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>39,901</u>	<u>3,028,163</u>	<u>2,618,433</u>	<u>449,631</u>
Liabilities				
Accounts payable	39,901	3,028,163	2,618,433	449,631
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 39,901</u>	<u>\$ 3,028,163</u>	<u>\$ 2,618,433</u>	<u>\$ 449,631</u>
Texas capital fund repayments				
Assets				
Accounts receivable	\$ 285,386	\$ -	\$ 67,956	\$ 217,430
Total assets	<u>285,386</u>	<u>-</u>	<u>67,956</u>	<u>217,430</u>
Liabilities				
Due to other governments	<u>285,386</u>	<u>-</u>	<u>67,956</u>	<u>217,430</u>
Total liabilities	<u>\$ 285,386</u>	<u>\$ -</u>	<u>\$ 67,956</u>	<u>\$ 217,430</u>
Total agency funds				
Assets				
Cash and cash equivalents	\$ 39,901	\$ 3,028,163	\$ 2,618,433	\$ 449,631
Accounts receivable	<u>285,386</u>	<u>-</u>	<u>67,956</u>	<u>217,430</u>
Total assets	<u>325,287</u>	<u>3,028,163</u>	<u>2,686,389</u>	<u>667,061</u>
Liabilities				
Accounts payable	39,901	3,028,163	2,618,433	449,631
Due to other governments	<u>285,386</u>	<u>-</u>	<u>67,956</u>	<u>217,430</u>
Total liabilities	<u>\$ 325,287</u>	<u>\$ 3,028,163</u>	<u>\$ 2,686,389</u>	<u>\$ 667,061</u>

Statistical Section





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Statistical Section (Unaudited)

This part of the City of Georgetown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity.....	174
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These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity	184
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information.....	198
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information	202
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF GEORGETOWN, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 211,305,899	\$ 174,798,105	\$ 144,196,394	\$ 138,536,744
Restricted	824,704	1,109,220	26,064,001	30,407,806
Unrestricted	<u>33,401,250</u>	<u>40,995,207</u>	<u>28,542,479</u>	<u>21,859,346</u>
Total governmental activities net assets	<u><u>\$ 245,531,853</u></u>	<u><u>\$ 216,902,532</u></u>	<u><u>\$ 198,802,874</u></u>	<u><u>\$ 190,803,896</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 287,569,126	\$ 230,939,554	\$ 220,809,992	\$ 210,252,907
Restricted	-	-	-	-
Unrestricted	<u>57,575,322</u>	<u>36,040,786</u>	<u>37,049,395</u>	<u>30,771,961</u>
Total business-type activities net assets	<u><u>\$ 345,144,448</u></u>	<u><u>\$ 266,980,340</u></u>	<u><u>\$ 257,859,387</u></u>	<u><u>\$ 241,024,868</u></u>
Primary government				
Invested in capital assets, net of related debt	\$ 498,875,025	\$ 405,737,659	\$ 365,006,386	\$ 348,789,651
Restricted	824,704	1,109,220	26,064,001	30,407,806
Unrestricted	<u>90,976,572</u>	<u>77,035,993</u>	<u>65,591,874</u>	<u>52,631,307</u>
Total primary government net assets	<u><u>\$ 590,676,301</u></u>	<u><u>\$ 483,882,872</u></u>	<u><u>\$ 456,662,261</u></u>	<u><u>\$ 431,828,764</u></u>

2010	2009	2008	2007	2006	2005
\$ 144,725,810	\$ 138,048,388	\$ 129,354,365	\$ 116,738,898	\$ 122,268,551	\$ 107,692,319
23,615,403	26,858,729	25,011,217	36,306,468	18,254,529	16,836,756
15,909,956	14,563,686	16,470,172	5,598,174	6,567,654	9,833,977
<u>\$ 184,251,169</u>	<u>\$ 179,470,803</u>	<u>\$ 170,835,754</u>	<u>\$ 158,643,540</u>	<u>\$ 147,090,734</u>	<u>\$ 134,363,052</u>
\$ 197,910,197	\$ 187,953,410	\$ 167,724,995	\$ 141,211,947	\$ 117,419,122	\$ 98,081,179
-	-	-	-	5,389,063	1,251,844
35,786,263	33,507,546	29,144,912	30,295,994	30,942,450	31,393,246
<u>\$ 233,696,460</u>	<u>\$ 221,460,956</u>	<u>\$ 196,869,907</u>	<u>\$ 171,507,941</u>	<u>\$ 153,750,635</u>	<u>\$ 130,726,269</u>
\$ 342,636,007	\$ 326,001,798	\$ 297,079,360	\$ 257,950,845	\$ 239,687,673	\$ 205,773,498
23,615,403	26,858,729	25,011,217	36,306,468	23,643,592	18,088,600
51,696,219	48,071,232	45,615,084	35,894,168	37,510,104	41,227,223
<u>\$ 417,947,629</u>	<u>\$ 400,931,759</u>	<u>\$ 367,705,661</u>	<u>\$ 330,151,481</u>	<u>\$ 300,841,369</u>	<u>\$ 265,089,321</u>

**CITY OF GEORGETOWN, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2014	2013	2012	2011
EXPENSES				
Governmental activities				
Culture-recreation	\$ 10,438,052	\$ 9,775,209	\$ 9,328,048	\$ 9,393,530
Development	2,037,449	1,650,530	2,284,858	2,374,321
Fire	10,378,471	9,144,092	8,634,002	8,110,294
General government	5,239,050	6,447,308	4,851,250	5,293,370
Police	12,862,736	12,042,349	11,522,334	11,029,444
Streets	9,486,497	5,459,183	5,564,690	6,522,933
Environmental services	5,097,618	4,855,404	4,830,921	4,339,101
Interest on long-term debt	5,738,394	3,806,106	4,375,653	3,656,673
Total governmental activities expenses	61,278,267	53,180,181	51,391,756	50,719,666
Business-type activities				
Airport	3,289,827	3,171,550	3,012,745	3,751,193
Electric	60,073,430	46,543,022	56,407,348	54,289,631
Environmental services	-	-	-	-
Stormwater	2,638,430	2,204,172	1,905,019	1,970,307
Water	24,158,727	22,844,363	21,597,278	22,224,364
Total business-type activities expenses	90,160,414	74,763,107	82,922,390	82,235,495
Total primary government expenses	<u>\$ 151,438,681</u>	<u>\$ 127,943,288</u>	<u>\$ 134,314,146</u>	<u>\$ 132,955,161</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
Culture-recreation	\$ 3,146,318	\$ 2,425,587	\$ 2,285,209	\$ 2,252,608
Development	1,942,914	1,659,670	1,668,635	905,118
Fire	1,200,894	1,433,679	1,137,982	1,032,663
General government	1,474,961	1,261,561	1,206,994	435,926
Police	805,728	959,027	895,703	1,009,004
Streets	1,021	1,125	-	-
Environmental services	5,266,815	6,059,904	5,491,495	5,116,570
Operating grants and contributions	286,431	256,593	956,438	962,183
Capital grants and contributions	23,901,801	5,999,666	2,431,374	4,422,720
Total governmental activities program revenues	38,026,883	20,056,812	16,073,830	16,136,792
Business-type activities				
Charges for services				
Airport	3,254,368	2,906,267	2,881,144	3,388,816
Electric	60,319,235	54,743,979	59,344,615	58,535,067
Environmental services	-	-	-	-
Stormwater	2,487,548	2,206,108	2,132,810	2,036,047
Water	33,659,956	27,244,363	26,596,509	27,142,648
Operating grants and contributions	25,056	25,589	147,601	127,051
Capital grants and contributions	76,095,951	4,558,296	3,917,721	2,062,382
Total business-type activities program revenues	175,842,114	91,684,602	95,020,400	93,292,011
Total primary government program revenues	<u>\$ 213,868,997</u>	<u>\$ 111,741,414</u>	<u>\$ 111,094,230</u>	<u>\$ 109,428,803</u>
Net (expense)/revenue				
Governmental activities	\$ (23,251,384)	\$ (33,123,369)	\$ (35,317,926)	\$ (34,582,874)
Business-type activities	85,681,700	16,921,495	12,098,010	11,056,516
Total primary government net expense	<u>\$ 62,430,316</u>	<u>\$ (16,201,874)</u>	<u>\$ (23,219,916)</u>	<u>\$ (23,526,358)</u>

2010	2009	2008	2007	2006	2005
\$ 9,076,669	\$ 8,696,162	\$ 6,978,982	\$ 5,460,488	\$ 5,649,191	\$ 4,701,552
2,345,178	2,381,380	2,457,868	2,518,113	2,325,761	2,061,017
7,196,359	6,835,927	5,553,135	4,962,020	4,397,108	3,767,816
5,201,299	5,107,748	3,604,501	3,227,227	3,671,786	4,405,436
10,787,024	11,026,676	9,595,062	8,251,836	7,392,816	5,961,731
5,730,682	4,372,708	3,147,899	5,212,766	3,757,919	1,522,161
4,206,166	4,287,029	-	-	-	-
3,624,733	3,650,386	4,181,243	2,976,803	2,010,409	2,256,135
48,168,110	46,358,016	35,518,690	32,609,253	29,204,990	24,675,848
2,811,206	2,441,533	3,459,377	2,589,385	2,753,948	2,606,270
50,756,369	48,444,272	48,183,299	38,936,172	37,866,853	29,026,475
-	-	4,315,729	3,611,767	3,519,487	2,868,758
1,799,680	1,807,147	1,689,013	1,447,690	1,370,267	1,216,219
20,124,249	20,011,184	18,980,021	17,584,962	15,668,061	14,234,866
75,491,504	72,704,136	76,627,439	64,169,976	61,178,616	49,952,588
\$ 123,659,614	\$ 119,062,152	\$ 112,146,129	\$ 96,779,229	\$ 90,383,606	\$ 74,628,436
\$ 2,150,107	\$ 1,481,954	\$ 1,391,416	\$ 1,101,159	\$ 991,505	\$ 812,920
1,125,058	827,387	1,232,533	1,596,801	1,761,166	1,350,955
1,195,871	1,409,208	1,044,870	848,066	210,453	478,378
487,264	5,121	1,418,786	783,235	635,546	1,452
1,265,589	1,154,135	1,344,259	1,182,064	880,807	838,302
-	-	-	26,900	101,685	-
4,809,271	4,582,794	-	-	-	-
405,023	1,268,957	492,632	683,731	168,863	900,681
2,747,483	1,600,980	909,209	3,654,737	6,153,637	13,474,330
14,185,666	12,330,536	7,833,705	9,876,693	10,903,662	17,857,018
2,435,613	2,234,637	3,308,889	2,473,286	2,595,764	2,352,094
60,136,705	57,164,312	52,846,962	44,028,755	42,526,728	35,002,038
-	-	4,398,047	3,738,774	3,446,566	3,227,268
1,959,007	1,913,546	1,832,165	1,793,773	1,716,066	1,572,854
22,022,414	23,541,415	23,313,864	20,800,851	20,318,603	17,046,731
-	-	-	-	-	-
4,842,643	17,378,138	11,071,907	8,850,968	14,217,294	6,665,628
91,396,382	102,232,048	96,771,834	81,686,407	84,821,021	65,866,613
\$ 105,582,048	\$ 114,562,584	\$ 104,605,539	\$ 91,563,100	\$ 95,724,683	\$ 83,723,631
\$ (33,982,444)	\$ (34,027,480)	\$ (27,684,985)	\$ (22,732,560)	\$ (18,301,328)	\$ (6,818,830)
15,904,878	29,527,912	20,144,395	17,516,431	23,642,405	15,914,025
\$ (18,077,566)	\$ (4,499,568)	\$ (7,540,590)	\$ (5,216,129)	\$ 5,341,077	\$ 9,095,195

**CITY OF GEORGETOWN, TEXAS
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Property tax	\$ 18,984,850	\$ 17,037,036	\$ 15,751,826	\$ 14,362,895
Sales tax	18,655,801	17,002,757	15,045,592	14,148,242
Taxes - other	1,939,217	1,331,281	1,143,217	1,100,490
Franchise taxes	4,478,899	4,471,487	3,924,052	3,874,815
Interest on investments	169,477	241,449	230,788	187,314
Gain on sale of capital assets	-	-	-	-
Other	36,854	1,129,389	710,403	590,398
Transfers	7,615,607	11,719,799	6,511,026	6,871,447
Total governmental activities	<u>\$ 51,880,705</u>	<u>\$ 52,933,198</u>	<u>\$ 43,316,904</u>	<u>\$ 41,135,601</u>
Business-type activities				
Interest on investments	\$ 98,015	\$ 126,322	\$ 156,329	\$ 171,947
Gain on sale of capital assets	-	-	-	-
Other	-	4,919,258	4,003,968	2,971,392
Transfers	(7,615,607)	(11,719,799)	(6,511,026)	(6,871,447)
Total business-type activities	<u>(7,517,592)</u>	<u>(6,674,219)</u>	<u>(2,350,729)</u>	<u>(3,728,108)</u>
Total primary government	<u>\$ 44,363,113</u>	<u>\$ 46,258,979</u>	<u>\$ 40,966,175</u>	<u>\$ 37,407,493</u>
CHANGES IN NET POSITION				
Governmental activities	\$ 28,629,321	\$ 19,809,829	\$ 7,998,978	\$ 6,552,727
Business-type activities	78,164,108	10,247,276	9,747,281	7,328,408
Total primary government	<u>\$ 106,793,429</u>	<u>\$ 30,057,105</u>	<u>\$ 17,746,259</u>	<u>\$ 13,881,135</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 14,360,142	\$ 14,934,694	\$ 12,610,638	\$ 10,737,981	\$ 8,919,694	\$ 8,329,395
13,482,999	12,543,071	13,236,686	12,206,099	10,962,790	8,496,160
1,000,571	278,982	1,134,493	1,185,511	844,718	749,301
2,603,222	2,801,666	2,739,567	2,083,306	2,209,235	1,942,246
140,384	504,145	2,222,952	2,085,055	1,398,706	507,038
-	-	-	-	-	859,286
537,528	3,415,713	803,334	-	463,719	1,167,654
6,637,964	8,184,258	7,129,529	5,987,414	6,230,148	5,220,063
<u>\$ 38,762,810</u>	<u>\$ 42,662,529</u>	<u>\$ 39,877,199</u>	<u>\$ 34,285,366</u>	<u>\$ 31,029,010</u>	<u>\$ 27,271,143</u>
\$ 133,132	\$ 667,389	\$ 1,018,860	\$ 1,495,484	\$ 1,673,167	\$ 732,461
-	-	-	-	-	160,949
2,835,458	2,580,006	2,295,472	4,417,805	3,938,942	988,566
(6,637,964)	(8,184,258)	(7,129,529)	(5,987,414)	(6,230,148)	(5,220,063)
(3,669,374)	(4,936,863)	(3,815,197)	(74,125)	(618,039)	(3,338,087)
<u>\$ 35,093,436</u>	<u>\$ 37,725,666</u>	<u>\$ 36,062,002</u>	<u>\$ 34,211,241</u>	<u>\$ 30,410,971</u>	<u>\$ 23,933,056</u>
\$ 4,780,366	\$ 8,635,049	\$ 12,192,214	\$ 11,552,806	\$ 12,727,682	\$ 20,452,313
12,235,504	24,591,049	16,329,198	17,442,306	23,024,366	12,575,938
<u>\$ 17,015,870</u>	<u>\$ 33,226,098</u>	<u>\$ 28,521,412</u>	<u>\$ 28,995,112</u>	<u>\$ 35,752,048</u>	<u>\$ 33,028,251</u>

**CITY OF GEORGETOWN, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund				
Nonspendable				
Prepays and inventory	\$ 22,810	\$ 18,697	\$ 2,110	\$ 9,061
Committed				
Contingency	7,500,000	7,400,000	7,000,000	6,847,000
Assigned				
Encumbrances	1,755,953	1,631,482	1,210,247	1,403,968
Unassigned	2,893,916	3,999,924	2,419,053	1,894,618
Total general fund	<u>\$ 12,172,679</u>	<u>\$ 13,050,103</u>	<u>\$ 10,631,410</u>	<u>\$ 10,154,647</u>
Other governmental funds				
Restricted				
Debt service	\$ 1,268,186	\$ 1,109,220	\$ 1,749,324	\$ 1,976,586
Bond funds	14,840,447	15,438,897	18,112,419	17,748,555
Hotel/motel tax	579,118	515,525	526,488	460,582
Street maintenance tax	2,773,940	5,029,263	4,205,153	3,215,322
Other purposes	352,032	188,072	244,969	306,926
Committed				
Other capital projects	12,386,987	12,292,845	8,770,010	10,682,665
Nonmajor funds	4,009,871	2,174,368	2,293,194	1,899,631
Assigned				
Encumbrances	13,385,685	25,444,232	8,891,080	6,105,133
Total all other governmental funds	<u>\$ 49,596,266</u>	<u>\$ 62,192,422</u>	<u>\$ 44,792,637</u>	<u>\$ 42,395,400</u>

General fund
Reserved
Unreserved
Total general fund

Other governmental funds
Reserved
Unreserved, reported in
 Special revenue funds
 Capital projects funds
Total all other governmental funds

Note: City of Georgetown first applied GASB Statement No. 54 in fiscal year 2011; therefore, the new fund balance distinctions for years prior to fiscal year 2011 are not available.

2010	2009	2008	2007	2006	2005
\$ 1,160,195	\$ 1,001,111	\$ 955,743	\$ 1,342,069	\$ 1,038,758	\$ 1,181,489
8,601,923	9,506,572	10,986,752	9,223,131	7,917,556	6,289,465
<u>\$ 9,762,118</u>	<u>\$ 10,507,683</u>	<u>\$ 11,942,495</u>	<u>\$ 10,565,200</u>	<u>\$ 8,956,314</u>	<u>\$ 7,470,954</u>
\$ 30,050,627	\$ 29,932,873	\$ 10,889,998	\$ 20,648,352	\$ 11,214,177	\$ 6,280,990
-	-	-	-	-	-
-	-	18,173,048	19,043,457	9,778,067	12,389,201
<u>\$ 30,050,627</u>	<u>\$ 29,932,873</u>	<u>\$ 29,063,046</u>	<u>\$ 39,691,809</u>	<u>\$ 20,992,244</u>	<u>\$ 18,670,191</u>

CITY OF GEORGETOWN, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES				
Property taxes	\$ 19,921,148	\$ 17,197,460	\$ 15,883,636	\$ 14,591,564
Property assessment	1,017,316	387,290	353,269	313,093
Sales tax and other taxes	18,655,801	17,790,450	15,698,207	14,724,741
Franchise taxes	4,478,899	4,471,487	3,924,052	3,874,815
Licenses and permits	1,932,563	1,536,660	1,236,478	890,948
Charges for service	9,762,561	9,479,669	8,493,243	8,199,073
Fine and forfeitures	668,566	739,556	682,760	810,950
Donations and grants	8,236,215	3,979,292	1,687,184	4,121,625
Investment income	152,252	212,629	230,788	187,313
Other revenue	1,474,961	2,960,559	2,870,008	1,735,082
Total revenues	<u>66,300,282</u>	<u>58,755,052</u>	<u>51,059,625</u>	<u>49,449,204</u>
EXPENDITURES				
Culture - recreation	9,613,918	9,262,282	8,377,084	8,229,049
Development	2,299,379	1,626,315	2,155,243	2,195,537
Fire services	9,748,456	8,804,938	8,253,567	7,725,794
General government	3,412,293	3,144,173	3,178,251	3,595,481
Highways and streets	8,810,437	3,422,340	5,061,214	6,044,755
Police	11,875,081	11,677,968	10,577,384	10,221,220
Environmental services	5,092,327	4,857,396	4,823,170	4,321,888
Capital outlay	32,164,540	16,760,621	15,938,457	12,604,835
Debt service				
Principal retirement	7,765,414	6,452,644	5,533,987	4,998,369
Interest and fiscal charges	4,449,327	3,771,791	4,094,247	3,686,318
Total expenditures	<u>95,231,172</u>	<u>69,780,468</u>	<u>67,992,604</u>	<u>63,623,246</u>
Excess (deficiency) of revenues over expenditures	(28,930,890)	(11,025,416)	(16,932,979)	(14,174,042)
Other financing sources (uses)				
Transfers in	12,570,645	13,969,841	9,734,354	7,915,723
Transfers out	(7,506,242)	(4,331,850)	(5,492,299)	(2,654,379)
Sale of property	3,550,000	-	-	-
Capital lease issued	-	-	-	-
Payment to refunding escrow agent	(11,911,063)	(11,356,689)	(3,416,787)	-
Bonds issued	18,753,970	32,562,592	18,981,711	21,650,000
Total other financing sources (uses)	<u>15,457,310</u>	<u>30,843,894</u>	<u>19,806,979</u>	<u>26,911,344</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (13,473,580)</u></u>	<u><u>\$ 19,818,478</u></u>	<u><u>\$ 2,874,000</u></u>	<u><u>\$ 12,737,302</u></u>

2010	2009	2008	2007	2006	2005
\$ 14,572,432	\$ 14,169,419	\$ 12,703,509	\$ 10,938,488	\$ 9,047,916	\$ 8,408,150
262,060	278,982	210,659	155,864	173,011	89,134
13,987,624	13,289,438	14,000,228	13,053,780	11,495,335	8,927,263
2,603,222	2,801,666	2,739,567	2,083,306	2,209,235	1,942,246
841,392	791,882	1,158,433	1,527,886	1,723,082	1,266,295
8,157,465	7,687,489	2,289,493	1,830,286	1,067,460	955,940
1,060,361	981,228	1,110,815	1,067,934	907,983	773,882
3,078,392	2,058,301	298,803	683,731	168,863	798,822
140,384	737,755	2,222,952	2,085,055	1,398,706	507,038
1,585,584	1,897,179	2,823,254	1,112,119	1,428,485	2,134,184
<u>46,288,916</u>	<u>44,693,339</u>	<u>39,557,713</u>	<u>34,538,449</u>	<u>29,620,076</u>	<u>25,802,954</u>
7,773,346	7,535,763	6,325,780	5,397,344	4,968,902	5,197,709
2,088,809	2,213,899	2,454,810	2,611,432	2,127,927	1,952,474
6,909,597	6,597,024	5,380,247	4,903,325	4,171,527	3,675,033
3,288,185	3,324,758	3,038,876	3,018,023	2,302,417	1,987,046
5,171,678	3,840,312	2,768,367	1,739,495	1,761,494	1,741,217
10,026,352	10,137,983	9,222,704	8,162,359	7,070,088	5,798,432
4,199,433	4,285,345	-	-	-	-
8,930,286	12,444,569	21,622,846	15,538,147	15,950,142	11,916,076
4,791,550	4,478,467	3,495,684	2,755,592	2,387,035	2,500,901
3,642,426	3,608,738	4,480,504	2,909,116	2,307,846	1,897,649
<u>56,821,662</u>	<u>58,466,858</u>	<u>58,789,818</u>	<u>47,034,833</u>	<u>43,047,378</u>	<u>36,666,537</u>
(10,532,746)	(13,773,519)	(19,232,105)	(12,496,384)	(13,427,302)	(10,863,583)
8,895,212	10,055,272	10,196,752	7,823,154	8,580,426	6,400,033
(2,847,628)	(3,367,769)	(4,658,144)	(3,558,105)	(3,940,019)	(2,691,211)
-	-	47,029	54,599	31,102	896,113
-	-	-	-	-	-
-	-	-	(3,160,147)	(7,736,794)	(9,243,904)
<u>3,857,351</u>	<u>6,575,000</u>	<u>4,395,000</u>	<u>31,645,334</u>	<u>20,300,000</u>	<u>22,385,166</u>
<u>9,904,935</u>	<u>13,262,503</u>	<u>9,980,637</u>	<u>32,804,835</u>	<u>17,234,715</u>	<u>17,746,197</u>
<u>\$ (627,811)</u>	<u>\$ (511,016)</u>	<u>\$ (9,251,468)</u>	<u>\$ 20,308,451</u>	<u>\$ 3,807,413</u>	<u>\$ 6,882,614</u>

**CITY OF GEORGETOWN, TEXAS
PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	TAX RATE	GENERAL FUND	INTEREST AND SINKING FUND	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED
2005	0.34624	0.23294	0.1133	\$ 8,694,027	\$ 8,274,192	95.17%
2006	0.3462	0.2071	0.1391	9,442,953	9,096,910	96.34%
2007	0.3673	0.2198	0.1475	11,500,980	11,138,968	96.85%
2008	0.3566	0.2032	0.1534	13,156,096	12,744,960	96.87%
2009	0.3562	0.2005	0.1557	14,828,927	14,349,606	96.77%
2010	0.3562	0.2114	0.1448	15,142,165	14,653,346	96.77%
2011	0.3562	0.2199	0.1363	15,098,808	14,635,299	96.93%
2012	0.3875	0.2229	0.1646	16,444,180	16,050,914	97.61%
2013	0.4100	0.2364	0.1736	17,806,346	17,384,594	97.63%
2014	0.4395	0.216	0.2235	19,697,573	19,270,107	97.83%

Source: City of Georgetown Tax Assessor.

DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY
\$ 161,088	\$ 8,435,280	97.02%	\$ 258,746	2.98%
76,076	9,172,986	97.14%	277,077	2.93%
111,061	11,250,029	97.82%	250,951	2.18%
91,036	12,835,996	97.57%	320,807	2.44%
139,828	14,489,434	97.71%	339,493	2.29%
127,176	14,780,522	97.61%	361,643	2.39%
120,092	14,755,391	97.73%	343,417	2.27%
44,797	16,095,711	97.88%	349,082	2.12%
76,902	17,461,496	98.06%	344,851	1.94%
81,450	19,351,557	98.24%	346,016	1.76%

**CITY OF GEORGETOWN, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY	
	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE
2005	\$ 2,094,066,974	\$ 2,094,066,974	\$ 166,921,359	\$ 166,921,359
2006	2,367,099,144	2,367,099,144	157,265,408	157,265,408
2007	2,749,816,041	2,749,816,041	136,821,317	136,821,317
2008	3,330,727,230	3,330,727,230	238,557,091	238,557,091
2009	3,769,863,117	3,769,863,117	244,892,514	244,892,514
2010	3,780,404,329	3,780,404,329	246,488,943	246,488,943
2011	3,786,177,221	3,786,177,221	269,771,730	269,771,730
2012	3,885,150,718	3,885,150,718	311,033,417	311,033,417
2013	4,033,324,389	4,033,324,389	382,683,621	382,683,621
2014	4,227,513,729	4,227,513,729	370,699,347	370,699,347

Source: City of Georgetown Tax Assessor.

(1) Net of exemptions.

TOTAL		TOTAL DIRECT TAX RATE	RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE		
\$ 2,260,988,333	\$ 2,260,988,333	\$ 0.3462	100.00%
2,524,364,552	2,524,364,552	0.3462	100.00%
2,886,637,358	2,886,637,358	0.3673	100.00%
3,569,284,321	3,569,284,321	0.3566	100.00%
4,014,755,631	4,014,755,631	0.3562	100.00%
4,026,893,272	4,026,893,272	0.3562	100.00%
4,055,948,951	4,055,948,951	0.3562	100.00%
4,196,184,135	4,196,184,135	0.3875	100.00%
4,416,008,010	4,416,008,010	0.4100	100.00%
4,598,213,076	4,598,213,076	0.4395	100.00%

**CITY OF GEORGETOWN, TEXAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

FISCAL YEAR	GENERAL FUND	DEBT SERVICE FUND	TOTAL CITY	GEORGETOWN INDEPENDENT SCHOOL DISTRICT	WILLIAMSON COUNTY	TOTAL
2005	0.23	0.11	0.34	1.76	0.51	2.61
2006	0.21	0.14	0.35	1.73	0.50	2.58
2007	0.22	0.15	0.37	1.63	0.50	2.50
2008	0.20	0.15	0.35	1.29	0.49	2.13
2009	0.20	0.15	0.35	1.29	0.47	2.11
2010	0.21	0.14	0.35	1.29	0.49	2.13
2011	0.21	0.14	0.35	1.36	0.46	2.17
2012	0.22	0.16	0.38	1.40	0.46	2.24
2013	0.24	0.17	0.41	1.40	0.45	2.26
2014	0.22	0.22	0.44	1.40	0.49	2.33

Source: Information furnished by respective tax assessors.

**CITY OF GEORGETOWN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR & NINE YEARS AGO**

TAXPAYER	TYPE OF BUSINESS	2014			2005		
		ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)	ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)
WPG Wolf Ranch LP	Development	\$ 63,598,630	1	1.35%	\$ 15,683,108	2	0.66%
Citigroup Technology Inc	Development	39,319,679	2	0.84%			
Citicorp North America	Development	32,452,323	3	0.69%			
St. David's Healthcare Partners	Hospital	31,285,527	4	0.67%			
The Bassham Trust	Development	26,540,531	5	0.57%			
South Austin Ave Prof Bldg	Hospital	21,000,000	6	0.45%			
Two Rivers GT Ltd	Development	19,898,939	7	0.42%			
Georgetown Rail & Equipment Co		18,321,453	8	0.39%			
Wal-Mart Real Estate Bus Trust	Development	16,429,306	9	0.35%	13,458,930	4	0.56%
Del Webb Texas Ltd	Development				16,709,092	1	0.70%
Hewlett Holdings, Ltd	Automobile Dealer	13,566,083	10	0.29%	8,867,150	9	0.37%
Verizon Southwest	Utility				15,156,864	3	0.63%
KH - Georgetown Partners Ltd	Development				10,562,159	5	0.44%
Rivory Towne Crossing LP	Development				10,428,931	6	0.44%
HE Butt Grocery Company	Grocer				10,063,953	7	0.42%
Rivory Partners	Development				9,919,492	8	0.41%
Mac Haik Ford Lincoln Mercury	Automobile Dealer				8,761,920	10	0.37%
Total		\$ 282,412,471		6.02%	\$ 119,611,599		5.00%

Source: City Tax Assessor/Collector.

(1) The total assessed valuation for the fiscal year ended September 30, 2014 was certified at \$4,694,586,750.

* Per certified roll. Does not include some major property owners whose property is under protest as of date of certification.

**CITY OF GEORGETOWN, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS**

NAICS Sectors	2014*	2013	2012	2011
Agriculture/forestry/fishing/hunting	\$ -	\$ -	\$ 4,825	\$ -
Mining, quarrying, oil & gas extraction	-	-	-	-
Utilities	20,893,757	19,031,408	19,253,904	18,628,820
Construction	33,358,725	5,384,717	4,967,279	4,002,432
Manufacturing	5,710,336	8,554,720	4,585,577	5,873,390
Wholesale trade	14,037,821	16,091,304	16,186,257	14,174,184
Retail trade	469,718,997	446,244,500	405,055,103	378,427,824
Transportation, warehousing	1,254,153	1,218,175	1,242,589	1,061,271
Information	41,950,838	33,781,552	30,485,692	29,916,065
Finance, insurance	597,544	563,947	482,899	424,931
Real estate, rental, leasing	2,104,788	2,370,540	2,165,251	3,781,875
Professional, scientific, technical svcs	6,585,897	8,234,560	7,522,451	5,292,086
Management of companies, enterprises	-	-	-	-
Admin, support, waste mgmt, remediation svcs	4,236,630	4,042,428	3,601,364	3,359,965
Educational svcs	319,252	357,267	372,185	154,882
Healthcare, social assistance	269,118	227,115	308,645	444,834
Arts, entertainment, recreation	11,942,629	12,894,531	11,914,044	11,362,973
Accommodation, food services	103,727,776	96,604,761	86,308,956	81,339,685
Other svcs (except public administration)	26,232,486	21,523,911	18,603,403	16,990,190
Public administration	27,015	18,783	20,023	31,428
Other	-	-	-	1,198
Total	<u>\$ 742,967,762</u>	<u>\$ 677,144,217</u>	<u>\$ 613,075,621</u>	<u>\$ 575,268,033</u>

City direct sales tax rate	2.00%	2.00%	2.00%	2.00%
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Source: Window on State Government - Susan Combs, Texas Comptroller of Public Accounts website.

Amounts subject to sales tax have been restated by the state since the 2012 CAFR release.

Notes: All reporting is by North American Industry Classification System (NAICS) sector. Standard Industrial Classification (SIC) Codes are no longer being assigned to taxpayers.

*2014 is projected as 4th Quarter actuals were not in at time of update.

2010	2009	2008	2007	2006	2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	445,156	416,435	-	7,434,128	-
20,319,600	18,647,965	16,475,883	13,957,517	13,957,517	12,511,431
3,625,542	4,250,912	4,361,179	4,620,912	7,167,280	12,296,405
6,061,597	5,748,311	9,390,419	8,796,766	3,667,839	3,762,034
10,063,489	13,253,476	16,269,671	23,911,829	19,394,697	17,336,331
380,552,640	367,257,156	383,981,936	367,740,330	343,600,743	227,297,553
767,634	1,178,847	1,558,622	1,926,996	1,471,067	1,075,479
27,915,345	26,448,683	26,845,497	24,852,272	22,752,620	18,035,023
459,699	380,069	357,522	358,689	382,058	244,854
2,716,214	2,389,616	2,862,995	4,007,642	6,328,408	6,269,451
5,294,148	4,586,618	6,435,627	6,124,832	6,206,899	5,312,421
-	-	-	-	-	306,696
3,464,947	3,141,955	3,658,966	3,155,585	3,581,585	3,747,298
28,427	46,588	40,108	28,053	18,923	23,747
389,729	283,517	221,776	167,879	162,620	156,928
10,983,705	10,424,729	9,975,461	7,972,749	4,718,667	4,301,266
76,959,382	75,006,166	74,477,233	66,071,016	56,700,789	47,515,213
15,102,925	14,421,211	14,341,106	14,192,006	12,205,808	9,079,169
34,518	33,271	24,072	-	2,624,994	10,102,695
547	-	6,797	647	11,700	18,391
\$ 564,740,088	\$ 547,499,090	\$ 571,701,305	\$ 547,885,720	\$ 490,996,697	\$ 366,880,954

2.00%

2.00%

2.00%

2.00%

1.75%

1.75%

**CITY OF GEORGETOWN, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

FISCAL YEAR	CITY DIRECT RATE	STATE OF TEXAS
2005	1.75%	6.25%
2006	2%	6.25%
2007	2%	6.25%
2008	2%	6.25%
2009	2%	6.25%
2010	2%	6.25%
2011	2%	6.25%
2012	2%	6.25%
2013	2%	6.25%
2014	2%	6.25%

Source: Information furnished by City of Georgetown.

**CITY OF GEORGETOWN, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2014 AND 2005**

NAICS Sectors	2014 *			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/forestry/fishing/hunting	6	0.41%	\$ -	0.00%
Mining, quarrying, oil & gas extraction	3	0.20%	-	0.00%
Utilities	8	0.54%	417,875	2.81%
Construction	151	10.27%	667,175	4.49%
Manufacturing	86	5.85%	114,207	0.77%
Wholesale trade	59	4.01%	280,756	1.89%
Retail trade	523	35.55%	9,394,380	63.22%
Transportation, warehousing	13	0.88%	25,083	0.17%
Information	20	1.36%	839,017	5.65%
Finance, insurance	13	0.88%	11,951	0.08%
Real estate, rental, leasing	27	1.84%	42,096	0.28%
Professional, scientific, technical svcs	113	7.68%	131,718	0.89%
Management of companies, enterprises	1	0.07%	-	0.00%
Admin, support, waste mgmt, remediation svcs	96	6.53%	84,733	0.57%
Educational svcs	6	0.41%	6,385	0.04%
Healthcare, social assistance	24	1.63%	5,382	0.04%
Arts, entertainment, recreation	32	2.18%	238,853	1.61%
Accommodation, food services	154	10.47%	2,074,556	13.96%
Other svcs (except public administration)	131	8.91%	524,650	3.53%
Public administration	5	0.34%	540	0.00%
Other	0	0.00%	-	0.00%
Totals	1,471	100.00%	\$ 14,859,355	100.00%

NAICS Sectors	2005			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/forestry/fishing/hunting	2	0.17%	\$ -	0.00%
Mining, quarrying, oil & gas extraction	3	0.26%	-	0.00%
Utilities	3	0.26%	-	0.00%
Construction	108	9.31%	141,902	2.53%
Manufacturing	98	8.45%	87,045	1.55%
Wholesale trade	91	7.84%	245,805	4.39%
Retail trade	388	33.45%	3,470,744	61.95%
Transportation, warehousing	20	1.72%	10,142	0.18%
Information	18	1.55%	287,411	5.13%
Finance, insurance	10	0.86%	495	0.01%
Real estate, rental, leasing	24	2.07%	51,181	0.91%
Professional, scientific, technical svcs	90	7.76%	78,820	1.41%
Management of companies, enterprises	1	0.09%	-	0.00%
Admin, support, waste mgmt, remediation svcs	89	7.67%	86,441	1.54%
Educational svcs	3	0.26%	-	0.00%
Healthcare, social assistance	6	0.52%	2,646	0.05%
Arts, entertainment, recreation	20	1.72%	69,815	1.25%
Accommodation, food services	96	8.28%	741,156	13.23%
Other svcs (except public administration)	84	7.24%	175,800	3.14%
Public administration	6	0.52%	145,965	2.61%
Other	0	0.00%	7,150	0.13%
Totals	1,160	100.00%	\$ 5,602,519	100.00%

Source: Window on State Government.

Notes: The City direct sales tax rate for 2014 and 2005 is 2% and 1.75%, respectively. Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. All reporting is now by North American Industry Classification System (NAICS) sectors. Standard Industrial Classification (SIC) Codes are no longer being assigned to taxpayers, and data on SIC filers is no longer available.

*2014 is projected as 4th quarter actuals were not available at the time of update.

<https://mycpa.cpa.state.tx.us/allocation/HistSales.jsp>

**CITY OF GEORGETOWN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds
2005	\$ 44,306,603	\$ -	\$ 255,702	\$ 40,064,012	\$ 4,509,384
2006	54,429,567	-	142,633	45,885,000	4,265,434
2007	68,855,734	11,330,000	74,944	51,070,000	4,539,267
2008	69,970,050	11,115,000	12,831	57,280,000	4,984,950
2009	73,008,888	10,715,000	-	53,640,000	10,096,112
2010	72,532,310	10,300,000	-	59,825,000	13,777,690
2011	89,613,941	9,870,000	-	55,945,000	12,981,059
2012	100,356,664	9,420,000	-	51,425,000	11,618,336
2013	116,638,107	8,955,000	-	47,455,000	14,551,893
2014	116,200,602	8,470,000	-	61,885,000	13,884,399

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Total Primary Government		Percentage of Personal Income	Per Capita	
\$	89,135,701	13.88%	\$	2,319
	104,722,634	13.44%		2,530
	135,869,945	11.73%		3,080
	143,362,831	11.97%		3,136
	147,460,000	11.61%		3,152
	156,435,000	11.56%		3,268
	168,410,000	11.63%		3,444
	172,820,000	11.97%		3,469
	187,600,000	11.89%		3,714
	200,440,001	11.15%		3,839

CITY OF GEORGETOWN, TEXAS
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	ASSESSED VALUE (1)	TAXABLE ASSESSED VALUATION PER CAPITA	GROSS BONDED DEBT (2)	LESS DEBT SERVICE FUNDS AVAILABLE
2005	38,438	\$ 2,260,988,333	\$ 58,822	\$ 48,815,988	\$ 508,151
2006	41,395	2,524,364,552	60,982.35	58,695,001	878,668
2007	44,117	2,886,637,358	65,431.41	73,395,001	1,329,213
2008	45,710	3,569,284,321	78,085.42	74,955,000	1,224,087
2009	46,787	4,014,755,631	85,809.21	83,105,000	2,530,149
2010	47,865	4,026,893,772	84,130.24	86,310,000	2,274,235
2011	48,902	4,055,948,951	82,940.35	102,595,000	1,976,586
2012	49,543	4,196,184,135	84,697.82	111,975,000	1,749,324
2013	50,513	4,416,008,010	87,423.20	131,190,000	1,109,220
2014	52,214	4,598,213,076	88,064.75	130,085,001	1,268,186

Sources: City of Georgetown Planning and Development Division and the Georgetown Chamber of Commerce.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Net of exemptions.

(2) Includes all long-term general obligation debt.

(3) Less debt service funds available.

NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE (3)	RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE (3)	NET BONDED DEBT PER CAPITA (3)	TOTAL BONDED DEBT PER CAPITA (3)
\$ 27,632,741	1.22%	2.14%	\$ 718.89	\$ 1,256.77
36,705,188	1.45%	2.29%	886.71	1,396.70
46,457,633	1.61%	2.50%	1,053.06	1,633.52
52,564,440	1.47%	2.07%	1,149.95	1,613.01
54,882,326	1.37%	2.01%	1,173.03	1,722.16
55,291,719	1.37%	2.09%	1,155.16	1,755.68
73,396,051	1.81%	2.48%	1,500.88	2,057.55
83,698,631	1.99%	2.63%	1,689.41	2,224.85
101,604,245	2.30%	2.95%	2,011.45	2,575.19
128,816,815	2.80%	2.80%	2,467.09	2,467.09

**CITY OF GEORGETOWN, TEXAS
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2014**

TAXING BODY	DEBT		PERCENT	CITY'S SHARE (2)	
	AMOUNT	AS OF		AMOUNT	PER CAPITA (1)
ESTIMATED OVERLAPPING DEBT					
Georgetown I.S.D.	\$ 208,090,000	12/31/14	81.00%	\$ 168,560,034	\$ 3,228
Williamson County	880,601,652 *	9/30/14	11.09%	97,618,616	1,870
Total estimated overlapping debt	1,088,691,652		24.58%	266,178,650	5,098
DIRECT DEBT - City of Georgetown	130,085,001	9/30/14	100.00%	130,085,001	2,491
DIRECT AND ESTIMATED OVERLAPPING DEBT	\$ 1,218,776,653			\$ 396,263,651	\$ 7,589
RATIO OF DIRECT AND OVERLAPPING TAX SUPPORTED DEBT TO TAXABLE ASSESSED VALUATION				9%	

Source: Jurisdiction listed.

(1) GISD population - 64,459 (estimate)
Williamson County population - 471,014
City of Georgetown population - 52,214

(2) Information represents the share of the respective debt which are obligations of the citizens of the City of Georgetown.

* Includes Williamson County and Avery Ranch



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**CITY OF GEORGETOWN, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 51,729,897	\$ 49,680,090	\$ 47,207,072	\$ 45,629,426
Total net debt applicable to limit (1)	<u>6,521,597</u>	<u>8,570,145</u>	<u>7,350,236</u>	<u>8,640,634</u>
Legal debt margin	<u>\$ 45,208,300</u>	<u>\$ 41,109,945</u>	<u>\$ 39,856,836</u>	<u>\$ 36,988,792</u>
Total net debt applicable to limit as a percentage of debt limit	12.61%	17.25%	15.57%	18.94%

ASSESSED VALUATION 2014	<u>\$ 4,598,213,076</u>
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Allowable tax levy for annual debt service purpose:

\$1.25 per \$100 of assessed valuation, assuming 90% collection rate	\$ 51,729,897
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2014 annual debt service requirements for general obligation debt:

Principal	\$6,521,597	
Interest and fiscal charges	<u>4,012,768</u>	<u>10,534,365</u>

Legal margin for annual debt service requirements	<u>\$ 41,195,533</u>
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NOTE: All taxable property within the City is subject to the assessment levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on the Bonds within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation (for all City purposes). The Charter of the City adopts the provisions of the constitution without further limitation. Under rules promulgated by the Office of the Attorney General of Texas, such office will not approve tax bonds of the City unless the City can demonstrate its ability to pay debt service requirements on all outstanding City tax bonds, including the issue to be approved, from a tax levy of \$1.25 per \$100 of valuation, based on 90% collection of tax.

(1) The legal margin computation includes the general obligation debt that will be repaid by self-supporting sources such as the Airport, Stormwater Drainage and Georgetown Transportation Enhancement Corporation (GTEC) funds.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 45,302,549	\$ 45,166,001	\$ 40,154,449	\$ 32,474,670	\$ 28,399,101	\$ 25,436,119
<u>8,043,904</u>	<u>7,664,261</u>	<u>7,614,171</u>	<u>5,278,417</u>	<u>4,916,116</u>	<u>4,645,554</u>
<u>\$ 37,258,645</u>	<u>\$ 37,501,740</u>	<u>\$ 32,540,278</u>	<u>\$ 27,196,253</u>	<u>\$ 23,482,985</u>	<u>\$ 20,790,565</u>
17.76%	16.97%	18.96%	16.25%	17.31%	18.26%

**CITY OF GEORGETOWN, TEXAS
REVENUE BOND COVERAGE
UTILITY FUNDS (1)
LAST TEN FISCAL YEARS**

FISCAL YEAR	ELIGIBLE REVENUES	INTEREST EARNINGS	OPERATING EXPENSES (EXCLUDING DEPRECIATION)	NET REVENUE AVAILABLE FOR DEBT SERVICE
2005	\$ 54,144,359	\$ 705,118	\$ 36,669,650	\$ 18,179,827
2006	66,723,744	1,600,113	46,356,026	21,967,831
2007	69,197,587	1,408,260	48,565,015	22,040,832
2008	78,404,586	955,680	57,922,907	21,437,359
2009	83,485,213	392,080	58,695,917	25,181,376
2010	84,948,916	116,458	59,828,974	25,236,400
2011	88,605,410	159,888	65,271,517	23,493,781
2012	89,907,801	144,460	66,531,990	23,520,271
2013	86,876,459	118,277	58,803,394	28,191,342
2014	93,979,191	93,580	72,927,251	21,145,520

Source: Finance and Administration Division.

Notes: (1) Electric, Water and Wastewater only.

DEBT SERVICE REQUIREMENTS						
PRINCIPAL		INTEREST AND FISCAL CHARGES		TOTAL	TIMES COVERAGE	
\$	2,864,751	\$	1,875,451	\$	4,740,202	3.84
	3,049,012		2,006,822		5,055,834	4.35
	2,721,700		2,086,849		4,808,549	4.58
	3,200,000		2,631,311		5,831,311	3.68
	3,640,000		2,338,048		5,978,048	4.21
	3,935,000		2,065,384		6,000,384	4.21
	3,880,000		1,859,107		5,739,107	4.09
	4,255,000		1,742,974		5,997,974	3.92
	3,970,000		1,963,653		5,933,653	4.75
	4,960,000		2,084,198		7,044,198	3.00

CITY OF GEORGETOWN, TEXAS
UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS (1)
FOR THE LAST TEN FISCAL YEARS

	2014	2013	2012	2011
Utility system (1)	\$ 424,822,231	\$ 338,199,636	\$ 313,923,709	\$ 306,424,774
Less				
Accumulated depreciation	(99,974,691)	(91,339,365)	(82,719,027)	(76,797,760)
Net value of system	324,847,540	246,860,271	231,204,682	229,627,014
Plus: Construction fund	4,910,605	12,193,462	22,866,932	11,692,027
Net plant	329,758,145	259,053,733	254,071,614	241,319,041
Plus: Working capital	51,655,164	35,992,864	33,419,764	35,700,091
Total	381,413,309	295,046,597	287,491,378	277,019,132
Revenue bond debt (2)	74,051,097	59,028,078	59,050,004	64,540,000
City's equity in system	<u>\$ 307,362,212</u>	<u>\$ 236,018,519</u>	<u>\$ 228,441,374</u>	<u>\$ 212,479,132</u>
Percentage City's equity in system	80.59%	79.99%	79.46%	76.70%

Notes:

(1) Electric, Water and Wastewater Funds only

(2) Changes in bond ordinances no longer require reservation of interest and sinking or reserve funds for utility revenue debt

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12.

2010	2009	2008	2007	2006	2005
\$ 286,216,930	\$ 273,482,065	\$ 251,560,756	\$ 215,276,162	\$ 185,294,457	\$ 163,596,097
(67,645,584)	(58,659,325)	(53,420,721)	(51,053,351)	(45,184,081)	(40,012,018)
218,571,346	214,822,740	198,140,035	164,222,811	140,110,376	123,584,079
14,038,615	10,101,805	5,280,337	5,820,263	9,470,135	5,521,737
232,609,961	224,924,545	203,420,372	170,043,074	149,580,511	129,105,816
40,784,075	27,713,059	29,899,639	28,736,708	30,833,629	22,950,794
273,394,036	252,637,604	233,320,011	198,779,782	180,414,140	152,056,610
68,809,999	59,589,999	57,280,000	51,070,000	45,885,000	40,064,012
<u>\$ 204,584,037</u>	<u>\$ 193,047,605</u>	<u>\$ 176,040,011</u>	<u>\$ 147,709,782</u>	<u>\$ 134,529,140</u>	<u>\$ 111,992,598</u>
74.83%	76.41%	75.45%	74.31%	74.57%	73.65%

CITY OF GEORGETOWN, TEXAS
UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS (2)
FOR THE LAST TEN FISCAL YEARS

	2014	2013	2012	2011
Revenues				
Water system	\$ 24,953,208	\$ 24,930,408	\$ 25,026,601	\$ 25,896,644
Electric system	58,017,664	53,780,319	58,403,735	57,694,311
Miscellaneous	4,997,415	4,888,117	3,966,677	2,927,695
Interest earnings	93,850	118,277	144,460	159,888
	<u>88,062,137</u>	<u>83,717,121</u>	<u>87,541,473</u>	<u>86,678,538</u>
Total revenues				
Expenses (1)				
Water system	8,561,671	7,737,541	7,053,864	7,708,924
Electric system	7,056,224	7,265,433	8,828,039	5,554,896
Utility contracts	55,147,284	43,800,420	50,650,087	52,007,697
	<u>70,765,179</u>	<u>58,803,394</u>	<u>66,531,990</u>	<u>65,271,517</u>
Total expenses				
Net available for debt service	<u>\$ 17,296,958</u>	<u>\$ 24,913,727</u>	<u>\$ 21,009,483</u>	<u>\$ 21,407,021</u>

Notes:

- 1) Excludes depreciation costs
- 2) Electric, Water & Wastewater only

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12.

Average Annual Principal and Interest Requirements, 2015-2033	\$ 4,493,251
Coverage of Average Requirements by Fiscal Year 2014 Net Income	5.36
Maximum Principal and Interest Requirements, 2015	\$ 8,013,587
Coverage of Maximum Requirements by Fiscal Year 2014 Net Income	3.00

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 20,632,604	\$ 22,200,768	\$ 21,424,897	\$ 18,725,977	\$ 19,709,559	\$ 16,605,408
59,058,745	56,154,879	51,833,477	42,805,466	41,338,196	33,800,761
2,789,797	2,779,486	5,146,212	7,666,144	5,675,987	3,738,190
116,458	392,080	955,680	1,408,260	1,600,113	705,118
<u>82,597,604</u>	<u>81,527,213</u>	<u>79,360,266</u>	<u>70,605,847</u>	<u>68,323,855</u>	<u>54,849,477</u>
6,677,890	6,875,473	6,249,197	3,166,679	3,192,839	2,947,875
4,821,255	5,270,740	1,230,199	4,275,353	3,360,467	2,721,507
<u>48,329,829</u>	<u>46,549,704</u>	<u>50,443,511</u>	<u>41,122,983</u>	<u>39,802,720</u>	<u>31,000,268</u>
<u>59,828,974</u>	<u>58,695,917</u>	<u>57,922,907</u>	<u>48,565,015</u>	<u>46,356,026</u>	<u>36,669,650</u>
<u>\$ 22,768,630</u>	<u>\$ 22,831,296</u>	<u>\$ 21,437,359</u>	<u>\$ 22,040,832</u>	<u>\$ 21,967,829</u>	<u>\$ 18,179,827</u>

**CITY OF GEORGETOWN, TEXAS
DEMOGRAPHIC & ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Per Capita Personal income	School Enrollment	Unemployment Rate
2005	38,438	\$ 1,237,088,592	\$ 32,184	8,820	4.20%
2006	41,395	1,407,016,050	33,990	9,400	4.09%
2007	44,117	1,593,550,157	36,121	9,900	3.80%
2008	45,710	1,715,907,690	37,539	10,000	4.10%
2009	46,787	1,711,983,117	36,591	10,000	4.10%
2010	47,865	1,808,004,645	37,773	10,300	5.84%
2011	48,902	1,959,356,434	40,067	10,470	7.08%
2012	49,543	2,090,070,541	42,187	10,396	7.08%
2013	50,513	2,097,602,838	41,526	10,396	5.70%
2014	52,214	2,234,028,204	42,786	10,582	5.30%

Sources:

Population: City of Georgetown Planning and Development Division.

Per Capital Personal Income: U.S. Dept. of Commerce / Bureau of Economic Development

School Enrollment: Georgetown Independent School District.

Unemployment Rate: Texas Workforce Commission, Labor Market Information TRACER.

Notes: Per capita personal income and personal income is for Williamson County.

Per capital personal income was computed using Census Bureau midyear population estimates.

Estimates for 2005 - 2014 reflect county population estimates available as of April 2014.

**CITY OF GEORGETOWN, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Williamson County Govt	1,582	1	3.20%	1,450	1	4.08%
Georgetown ISD	1,550	2	3.13%	1,200	2	3.38%
City of Georgetown	573	3	1.16%	394	5	1.11%
Southwestern University	514	4	1.04%	583	3	1.64%
Airborn, Inc	462	5	0.93%	232	9	0.65%
St. David's Hospital	453	6	0.92%	382		1.07%
Wesleyan Homes	330	7	0.67%	240	8	0.68%
Lone Star Circle of Care	269	8	0.54%			
Sun City (Del Webb)	260	9	0.53%	240	7	0.68%
Don Hewlett	225	10	0.45%			
HEB (2)				477	4	1.34%
Georgetown Healthcare Sys				382	6	1.07%
Williamson Co Burnet Oppor				175	10	0.49%
Totals	<u>6,218</u>		<u>12.56%</u>	<u>5,755</u>		<u>16.19%</u>

Source: Economic Development Department

CITY OF GEORGETOWN, TEXAS
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2014	2013	2012	2011
General Government				
Culture & Recreation				
Administration	3.5	3.5	3	
Parks	20.5	20.5	22.5	22.5
Recreation	38.5	38.5	38.5	38.5
Rec. Programs	3.5	3.5	3	3
Library	21.5	21.5	22.5	21.5
Development				
Administration	-	-	-	2
Planning	8	8	11	11
Current Planning	-	-	-	-
Long Range Planning	-	-	-	-
Inspection Svcs.	10	10	12	13
Code Enforcement	4	4	4	6
Fire Services				
Support Svcs.	7	6	7	6
Emergency Svcs.	86	84	84	81
General Government				
General Government	5.5	5	6	6
City Secretary	4	-	-	-
City Council	-	3	3	2
City Manager's Office	4.5	5.5	3.5	5.5
Legal Svcs	5	4	3	3
Highways / Streets				
Transportation Admin.	3	2	2	1
Streets	18.75	18.75	18.75	18.75
Police Services				
Administration	4	4	5	5
Support Svcs.	-	-	-	-
Field Operations	98	98	99	99
Animal Svcs.	10.5	9.25	8.5	8.5
Municipal Court	7	6	7	7
Fleet Services	8	8	6.5	6
Facilities Maintenance	7	6	7	7
Information Technology	16	13	12.5	12.5
Joint Svcs.	78	74.5	70.5	68.5
Water	18.5	18.5	18.5	20
Sewer	14	14	14	14
Electric	56.5	53.5	48.5	44
Other Enterprises	14	12	12	12
Total	574.75	554.50	552.75	544.25

Source: City Finance & Administration Division.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
22.5	22.5	22.5	20.5	21.5	18.5
36.5	36.5	27.5	27.5	25.5	26.5
3	3	4	3	3	3
21.5	21.5	21.5	21.5	17.5	17.5
2	2	-	-	-	-
11	14	13	14	-	-
-	-	-	-	9	10
-	-	-	-	4	3
13	13	13	12	11	11
6	6	6	6	5.5	5.5
6	6	6	3	3	3
81	72	66	61	56	51
6	4	4	3	3	3
-	-	-	-	-	-
2	2	2	3	1	1
6	8	8	7.5	6.5	6.5
3	-	-	-	-	-
3	3	3	-	-	-
18.75	18.75	15.75	15.75	14.75	14.75
9	10	8	8	8	8
-	34	36	26	31	31
95	60	60	56	47	41
8	8	8	7.5	7.5	6.75
7	7	7	7	5	4
6	6	6	6	5	5
7	7	7	5	4	3
12.5	10.5	10.5	10	10	9
65	65	58	55	53	51
18	15	13	16	14	14
12	12	12	13	12	12
47	48	42	39	30	25
12	12	12	12	11	11
<u>539.75</u>	<u>526.75</u>	<u>491.75</u>	<u>458.25</u>	<u>418.75</u>	<u>395.00</u>

**CITY OF GEORGETOWN, TEXAS
OPERATING INDICATORS BY FUNCTIONS
LAST TEN FISCAL YEARS**

Function	2014	2013	2012	2011
Culture and recreation				
Recreation Center memberships	9,901	10,678	13,769	16,044
CVB number of visitor inquiries	54,188	50,617	42,901	35,749
Library				
Circulation	559,209	550,683	552,032	527,746
Number of patrons added	2,161	2,446	2,526	2,184
Economic Development				
Number of proposals generated	44	48	38	36
Community Development				
Inspections/Code Enforcement				
Number of inspections	29,818	30,282	21,270	18,383
New residential permits issued	701	777	664	509
New commercial permits issued/TFO/Industrial	92	61	89	97
Number of code enforcement violations	16,213	15,225	11,535	11,090
Planning and Development Services				
Development applications filed	370	313	290	284
Annexations (in acres)	2,174	161	61	703
Fire Services				
Number of calls for service	6,250	6,153	5,706	5,674
General Govt				
Bond rating - S&P	AA+	AA+	AA+	AA+
City Manager's Office				
Number of public information requests processed	871	678	759	835
Police Services				
Number of calls for service	23,044	22,747	23,018	22,161
Number of traffic accidents	1,940	1,888	1,679	1,525
Animal Services				
Number of pets impounded	1,860	1,664	1,670	1,560
Number of adoptions	904	690	822	686
Municipal Court				
Number of court cases	7,658	7,833	7,347	8,902
Number of warrants served	349	398	313	587
Utility Office				
Number of utility customers	28,400	27,559	26,345	25,563
Water				
Number of new connects	1,455	909	705	530
Average daily water treated (million gallons)	16.18	16.30	15.18	16.72
Average daily consumption (million gallons)	12.84	13.20	13.05	14.49
Sewer				
Number of new connects	1,295	955	939	523
Average daily wastewater treated (million gallons)	4.06	4.10	4.21	4.24
Electric				
kWhs consumed	565,518,133	544,339,879	537,985,801	547,475,852
Number of new connects	598	484	226	477
AMR				
Total number of work orders completed	1,554	1,113	826	2,419
Total reads by AMR	542,058	616,296	-	-
Other Enterprises				
Stormwater & Drainage				
Number of detention ponds cleaned	422	404	372	372
Number of work orders	530	710	552	196
Airport				
Gallons of fuel sold	648,065	565,851	581,450	765,839

Sources: Various City departments and City-Monthly Activity Indicators Report.

2010	2009	2008	2007	2006	2005
16,778	18,497	5,487	5,060	4,294	2,074
27,086	38,669	45,044	36,086	37,062	40,117
524,610	496,603	431,294	386,948	347,662	350,716
2,293	2,338	2,514	2,592	1,784	1,684
31	40	35	51	72	71
20,192	21,248	33,198	43,006	47,197	39,677
550	523	768	902	1,316	930
115	127	77	114	152	132
12,295	13,179	10,570	12,928	15,603	11,187
158	246	344	348	397	280
276	1,005	369	362	8,909	5,062
5,649	5,475	5,321	4,766	4,257	3,957
AA+	AA+	AA	AA-	AA-	A+
997	887	801	773	786	616
31,908	34,192	51,033	53,323	48,739	40,649
1,743	1,750	1,837	1,863	1,513	1,510
1,477	1,256	1,500	1,448	1,452	1,775
601	560	614	611	642	793
13,778	13,333	13,275	14,787	13,824	11,279
693	774	748	557	398	712
24,995	24,271	23,678	22,784	21,365	19,862
447	469	880	1,213	1,281	670
11.82	14.44	15.57	10.31	11.88	8.71
10.65	13.14	13.35	8.21	10.30	10.09
451	444	846	1,422	1,307	1,021
4.43	3.22	3.48	4.27	2.95	3.28
518,590,777	490,449,481	501,552,786	441,088,000	419,651,791	377,198,661
543	550	999	1,093	1,134	817
2,495	2,903	5,141	3,724	6,106	2,347
-	-	-	-	34,781	31,373
382	300	228	228	228	164
418	376	617	728	705	-
636,773	647,736	723,669	721,657	773,340	842,223

**CITY OF GEORGETOWN, TEXAS
CAPITAL ASSETS BY FUNCTIONS
LAST TEN FISCAL YEARS**

<u>Function</u>	2014	2013	2012	2011
Culture and recreation				
Parks (developed acres)	473	473	473	473
Recreation Centers	1	1	1	1
Senior Centers	1	1	1	1
Libraries	1	1	1	1
Fire Services				
Fire stations	5	5	5	4
Fire vehicles	29	25	22	18
Highways and streets				
Center line miles	310	310	305	295
Police Services				
Police Stations	1	1	1	1
Police vehicles	84	87	87	93
Police motorcycle units	6	4	4	4
Electric				
Meters	22,918	22,660	22,504	22,090

Sources: Various City departments and City budget document.

2010	2009	2008	2007	2006	2005
473	473	410	390	380	360
1	1	1	1	1	1
1	1	-	-	-	-
1	1	1	1	1	1
4	4	3	3	3	3
17	17	17	15	14	14
307	284	269	260	251	230
1	1	1	1	1	1
95	95	95	93	78	65
4	4	4	4	4	4
21,711	21,338	20,965	20,179	19,369	18,167

**CITY OF GEORGETOWN, TEXAS
WATER USAGE (GALLONS)
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED 9-30	AVERAGE DAY USAGE (000s)	PEAK DAY USAGE (000s)	TOTAL USAGE (000s)
2005	10,090	20,531	3,683,017
2006	12,260	25,600	4,511,000
2007	10,314	19,733	3,764,765
2008	14,490	28,390	5,419,616
2009	11,290	25,870	5,011,889
2010	12,925	24,617	4,732,462
2011	14,024	26,778	5,955,541
2012	16,152	30,058	5,748,912
2013	15,976	28,818	5,121,278
2014	15,987	28,687	4,750,902

Source: City of Georgetown

**CITY OF GEORGETOWN, TEXAS
TEN LARGEST WATER CUSTOMERS(1)
FISCAL YEAR ENDED 2014**

CUSTOMER	WATER USAGE (1,000 GALLONS)	% OF TOTAL WATER USAGE
SOUTHWEST MATERIALS	138,357	2.87%
SOUTHWESTERN UNIVERSITY	58,043	1.20%
SUN CITY TX COMM ASSOC	50,721	1.05%
CITY OF GEORGETOWN	49,279	1.02%
CITICORP OF N AMERICA, INC	38,252	0.79%
WILLIAMSON COUNTY	32,447	0.67%
GEORGETOWN ISD	31,045	0.64%
SIMON PROPERTY GROUP	20,134	0.42%
GEORGETOWN HOSPITAL	17,895	0.37%
CYPRESS CK BLG/COMM ACCTS	16,330	0.34%

Source: City of Georgetown Utility Office fiscal year 2014 figures.

(1) Fiscal year 2014 figures. Based on total consumption of 4,821,113 kgals.

**CITY OF GEORGETOWN, TEXAS
DAILY FLOW (WASTEWATER TREATMENT)
LAST TEN FISCAL YEARS**

AVERAGE DAILY WASTEWATER FLOW	
FISCAL YEAR	GALLONS
2006	3,020,000
2007	4,572,400
2008	3,370,000
2009	3,580,000
2010	4,188,000
2011	3,327,000
2012	3,594,000
2013	3,641,000
2014	4,260,000

Source: City of Georgetown

**CITY OF GEORGETOWN, TEXAS
TEN LARGEST WASTEWATER CUSTOMERS(1)
SEPTEMBER 30, 2014**

CUSTOMER	VOLUME (1,000 GALLONS)	% OF TOTAL
SOUTHWESTERN UNIVERSITY	32,168	5.73%
WILLIAMSON COUNTY	26,313	4.68%
GEORGETOWN ISD	20,519	3.65%
GEORGETOWN HOSPITAL	16,410	2.92%
BASSHAM TRUST DBA WATERS EDGE	15,324	2.73%
GEORGETOWN PLACE APTS	15,221	2.71%
CYPRESS CK BLG/COMM ACCTS	14,645	2.61%
INDIAN CREEK APTS	13,064	2.33%
HOUSING AUTHORITY	11,720	2.09%
OAKS OF GTWN COMMON AREA	10,560	1.88%

Source: City of Georgetown

(1) Fiscal 2014 figures. Based on total consumption of 561,708 kgals.

**CITY OF GEORGETOWN, TEXAS
VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT
SEPTEMBER 30, 2014**

2013-2014 Market valuation established by Williamson Central Appraisal District (excluding totally exempt property)		\$ 5,180,454,151
Less exemptions and reductions at 100% market value		<u>582,241,075</u>
2013-2014 taxable assessed valuation		<u><u>\$ 4,598,213,076</u></u>
City funded debt payable from ad valorem taxes ⁽¹⁾		\$130,720,000
Bonds	4,800,000	
Certificates	<u>2,300,000</u>	
Total debt payable from ad valorem taxes ⁽¹⁾		\$ 137,820,000
Interest and sinking fund		<u>7,761,000</u>
Net debt payable from ad valorem taxes		<u><u>\$ 130,059,000</u></u>
Ratio of net tax supported debt to taxable assessed valuation ⁽¹⁾		2.83%

2014 Estimated Population - 52,214

Per Capita Taxable Assessed Valuation - \$88,065

Per Capita Net Ad Valorem Tax Debt Payable from Ad Valorem Taxes - \$2,491

Notes:

(1) Includes \$3,591,673 of self-supporting debt, which is paid from storm water and airport revenues, and \$13,924,642 of self-supporting debt, which is paid from the City's sales tax levied for economic development pursuant to an interlocal agreement with the City's Type B Corporation (GTEC). \$8,927,721 of self-supporting debt is paid from electric revenues and \$2,032,500 of self-supporting debt is paid from water revenues.



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**CITY OF GEORGETOWN, TEXAS
TAXABLE ASSESSED VALUATIONS BY CATEGORY
LAST FIVE FISCAL YEARS**

CATEGORY	2014		2013	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Real, Residential, Single-Family	\$ 3,383,707,151	65.32%	\$ 3,212,802,019	64.13%
Real, Residential, Multi-Family	141,539,008	2.73%	136,323,871	2.72%
Real, Vacant Lots/Tracts	105,728,114	2.04%	110,691,837	2.21%
Real, Acreage (Land Only)	274,265,523	5.29%	287,098,365	5.73%
Real, Farm and Ranch Improvements	9,762,143	0.19%	9,458,303	0.19%
Real, Commercial/Industrial	852,941,178	16.46%	838,635,946	16.74%
Real and Tangible, Personal, Utilities, Other	41,161,229	0.79%	45,546,793	0.91%
Tangible Personal, Commercial	294,627,224	5.69%	302,428,949	6.04%
Tangible Personal, Industrial	2,146,190	0.04%	2,178,467	0.04%
Tangible Personal, Other, Inventory	74,576,391	1.44%	65,047,165	1.30%
Total Appraisal Value Before Exemptions	5,180,454,151	100.00%	5,010,211,715	100.00%
Less: Total Exemptions/Reductions	582,241,075		594,203,705	
Taxable Assessed Value	<u>\$ 4,598,213,076</u>		<u>\$ 4,416,008,010</u>	

2012		2011		2010	
AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
\$ 3,051,782,791	62.49%	\$ 2,951,917,721	62.66%	\$ 2,937,372,968	65.35%
134,630,205	2.76%	136,781,699	2.90%	127,646,526	2.84%
112,194,608	2.30%	117,503,406	2.49%	105,493,785	2.35%
277,760,619	5.69%	280,860,043	5.96%	284,418,889	6.33%
7,749,074	0.16%	7,748,104	0.16%	8,628,185	0.19%
873,539,170	17.89%	827,031,630	17.55%	737,420,280	16.41%
47,029,662	0.96%	45,209,184	0.96%	30,152,599	0.67%
315,920,307	6.47%	278,224,342	5.91%	187,188,597	4.16%
2,281,333	0.05%	2,234,106	0.05%	1,744,994	0.04%
60,766,941	1.24%	63,594,310	1.35%	74,536,522	1.66%
4,883,654,710	100.00%	4,711,104,545	99.99%	4,494,603,345	100.00%
687,470,575		655,155,594		467,710,073	
<u>\$ 4,196,184,135</u>		<u>\$ 4,055,948,951</u>		<u>\$ 4,026,893,272</u>	

**CITY OF GEORGETOWN, TEXAS
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS
 SEPTEMBER 30, 2014**

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	AMOUNT ISSUED	AUTHORIZATION BEING USED	UNISSUED BALANCE
Roads	11/4/08	\$ 46,000,000	\$ 11,975,000	\$ 4,800,000	\$ 29,225,000
Parks & Recreation	11/4/08	35,500,000	7,500,000	-	28,000,000
Total		\$ 81,500,000	\$ 19,475,000	\$ 4,800,000	\$ 57,225,000



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**CITY OF GEORGETOWN, TEXAS
GENERAL FUND REVENUES AND EXPENDITURE HISTORY
LAST TEN FISCAL YEARS**

	Fiscal Year Ending September 30,			
	2014	2013	2012	2011
<u>Revenues:</u>				
Taxes	\$ 25,293,544	\$ 24,522,441	\$ 22,013,241	\$ 21,335,893
Licenses and Permits	1,932,563	1,536,660	1,236,478	890,948
Charges for Services	9,682,702	9,302,816	8,268,169	8,082,889
Fines and Forfeitures	598,717	670,582	616,815	762,923
Miscellaneous and Interest	682,447	1,460,008	579,060	614,138
Total Revenues	<u>38,189,973</u>	<u>37,492,507</u>	<u>32,713,763</u>	<u>31,686,791</u>
<u>Expenditures:</u>				
General Government	3,013,544	2,908,971	2,992,852	3,384,950
Development Services	2,003,688	1,579,575	1,890,481	2,195,537
Parks and Recreation	8,401,551	7,945,906	7,183,369	7,289,676
Fire Services	9,455,714	8,638,166	7,590,667	7,011,366
Police Services	11,687,498	11,471,418	10,498,193	10,060,311
Georgetown Utility Systems/Streets	9,435,835	8,236,375	8,247,315	7,347,201
Total Expenditures	<u>43,997,830</u>	<u>40,780,411</u>	<u>38,402,877</u>	<u>37,289,041</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,807,857)	(3,287,904)	(5,689,114)	(5,602,250)
Budgeted Transfers In	6,964,508	6,655,673	6,200,518	6,079,801
Budgeted Transfers Out	<u>(2,034,075)</u>	<u>(949,076)</u>	<u>(34,641)</u>	<u>(85,022)</u>
Net Increase (Decrease)	(877,424)	2,418,693	476,763	392,529
Fund Equity at Beginning of Year	13,050,103	10,631,410	10,154,647	9,762,118
Fund Equity at End of Year	<u>\$ 12,172,679</u>	<u>\$ 13,050,103</u>	<u>\$ 10,631,410</u>	<u>\$ 10,154,647</u>

Source: City's Audited Financial Statements.

2010	2009	2008	2007	2006	2005
\$ 19,336,126	\$ 18,508,353	\$ 18,214,532	\$ 16,113,563	\$ 14,343,981	\$ 12,558,893
841,392	791,882	1,158,433	1,527,886	1,723,082	1,266,295
7,882,093	7,682,367	2,193,590	1,700,490	941,718	823,980
958,792	889,367	1,013,699	976,538	846,010	714,596
515,814	930,774	1,872,238	1,380,063	964,980	579,538
29,534,217	28,802,743	24,452,492	21,698,540	18,819,771	15,943,302
3,087,317	3,129,127	2,738,903	2,696,325	2,152,667	1,802,752
2,088,809	2,213,899	2,411,971	2,572,746	2,112,845	1,933,076
6,902,305	6,677,760	5,564,579	4,741,777	4,330,337	3,808,022
6,694,350	6,597,024	5,271,624	4,783,187	4,078,796	3,518,597
9,897,919	9,873,237	8,915,180	8,015,663	6,918,948	5,603,521
6,623,628	6,524,677	2,768,367	1,739,495	1,758,289	1,691,876
35,294,328	35,015,724	27,670,624	24,549,193	21,351,882	18,357,844
(5,760,111)	(6,212,981)	(3,218,132)	(2,850,653)	(2,532,111)	(2,414,542)
6,356,907	6,515,884	6,687,060	5,162,236	5,749,597	4,804,605
(1,342,361)	(1,737,715)	(2,091,633)	(702,697)	(1,732,126)	(355,914)
(745,565)	(1,434,812)	1,377,295	1,608,886	1,485,360	2,034,149
10,507,683	11,942,495	10,565,200	8,956,314	7,470,954	5,436,805
\$ 9,762,118	\$ 10,507,683	\$ 11,942,495	\$ 10,565,200	\$ 8,956,314	\$ 7,470,954

**CITY OF GEORGETOWN, TEXAS
MUNICIPAL SALES TAX HISTORY
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED 9/30	TOTAL COLLECTED	% OF AD VALOREM TAX LEVY	EQUIVALENT OF AD VALOREM TAX RATE	PER CAPITA	LEVY	TAX RATE
2005	\$ 4,874,132	58.86%	0.2038	127	\$ 8,280,509	0.3462
2006	6,056,507	66.18%	0.2291	146	9,151,851	0.3462
2007	6,761,872	60.16%	0.2210	153	11,239,704	0.3673
2008	7,310,027	55.40%	0.1975	160	13,195,606	0.3566
2009	6,943,036	46.67%	0.1662	148	14,877,893	0.3562
2010	7,454,806	50.14%	0.1786	156	14,867,340	0.3562
2011	7,803,863	52.41%	0.1867	160	14,889,961	0.3562
2012	8,277,502	49.10%	0.1903	167	16,856,914	0.3875
2013	9,326,554	50.78%	0.2082	185	18,367,332	0.4100
2014	10,228,105	49.57%	0.2179	196	20,632,709	0.4395

**CITY OF GEORGETOWN, TEXAS
MONTHLY & VOLUMETRIC WATER RATES
SEPTEMBER 30, 2014**

Customer Meter Size	Customer Charge per Month	
	Inside City	Outside City
5/8 inch	\$ 15.50	\$ 18.50
3/4 inch	23.00	27.50
1 inch	38.50	46.00
1 1/2 inch	76.50	91.50
2 inch	122.50	146.50
3 inch	245.50	293.50
4 inch	383.50	458.50
6 inch	766.50	916.50
8 inch	1,226.50	1,466.50
Non-Potable Water Rates:		
Cost per thousand gallons	\$ 1.05	\$ 1.05
Nonresidential Water Rates:		
Cost per thousand gallons		\$ 2.40
Irrigation Meter, cost per thousand gallons		\$ 4.00
Residential Water Rates		
	1,000 Gallons	Volumetric Rate
	0 - 10	\$ 1.75
	11 - 20	2.40
	21 - 40	4.00
	41 - 60	6.50
	61 and over	8.50

Source: City of Georgetown

Note. Rates effective 1-1-2014

**CITY OF GEORGETOWN, TEXAS
MONTHLY WASTEWATER RATES
SEPTEMBER 30, 2014**

RESIDENTIAL AND SMALL COMMERCIAL

Net Monthly Rate:

Flat Rate Inside City Limits:	\$ 29.25 per month
Flat Rate Outside City Limits:	33.60 per 1,000 gallons

Low income residential discount: 20% below current flat rate for qualifying households

COMMERCIAL

Net Monthly Rate:

a. Inside City Limits	
1. Customer Charge	44.25 per month
2. Volumetric Charge*	2.35 per 1,000 gallons
b. Outside City Limits	
1. Customer Charge	50.90 per month
2. Volumetric Charge*	2.70 per 1,000 gallons

HIGH STRENGTH COMMERCIAL

Net Monthly Rate:

a. Inside City Limits	
1. Customer Charge	44.25 per month
2. Volumetric Charge*	3.70 per 1,000 gallons
b. Outside City Limits	
1. Customer Charge	50.90 per month
2. Volumetric Charge*	4.30 per 1,000 gallons

LARGE COMMERCIAL

Net Monthly Rate:

a. Inside City Limits	
1. Customer Charge	78.60 per month
2. Volumetric Charge*	2.35 per 1,000 gallons
b. Outside City Limits	
1. Customer Charge	90.40 per month
2. Volumetric Charge*	2.70 per 1,000 gallons

MULTIFAMILY

Net Monthly Rate:

a. Inside City Limits	
1. Customer Charge	105.15 per month
2. Volumetric Charge*	2.35 per 1,000 gallons
b. Outside City Limits	
1. Customer Charge	120.90 per month
2. Volumetric Charge*	2.70 per 1,000 gallons

Source: City of Georgetown

Notes: Rates effective 1-1-2014

The volumetric charges are calculated using the actual water consumption billed per month.

**CITY OF GEORGETOWN, TEXAS
MONTHLY ELECTRIC RATES
SEPTEMBER 30, 2014**

All Customers

Purchased Power Cost Adjustment:	Varies Monthly
Residential Sales Tax:	2.00% of total electric charges; outside City limits: None
Commercial Sales Tax:	8.25% of total electric charges; outside City limits: 6.25%

Residential Service

Customer Charge:	\$20.00 per month
Energy Charge:	\$0.0939 per kWh

Small General Service

Customer Charge:	\$45.00 per month
Energy Charge:	\$0.0883 per kWh

School Charge

Customer Charge:	\$175.00 per month
Energy Charge:	\$0.1131 per kWh

Water & Wastewater Pumping Service

Customer Charge:	\$165.00 per month
Energy Charge:	\$0.0516 per kWh

Large General Service

Customer Charge:	\$20.00 per month
Demand Charge:	\$8.45 per kWh
Energy Charge:	\$0.0722 per kWh
Minimum Bill:	\$442.50

Industrial

Customer Charge:	\$250.00 per month
Demand Charge:	\$10.00 per kWh
Energy Charge:	\$0.0644 per kWh
Minimum Bill:	\$5,250.00

Large Industrial Service

Customer Charge:	\$350.00 per month
Demand Charge:	\$7.50 per kWh
Energy Charge:	\$0.0661 per kWh
Minimum Bill:	\$15,350.00

Municipal Service

Customer Charge:	\$125.00 per month
Energy Charge:	\$0.0606 per kWh
Minimum Bill:	\$125.00

Lighting Service

		<u>High Pressure Sodium</u>	<u>Municipal Street</u>	<u>Retail Street</u>
100 Watt HPL	per light (35 kWh)	\$8.50 per month	\$5.09 per month	\$5.26 per month
200 Watt HPL	per light (71 kWh)	\$14.50 per month	\$9.29 per month	\$9.75 per month
250 Watt HPL	per light (86 kWh)	\$16.70 per month	\$11.13 per month	\$11.64 per month
400 Watt HPL	per light (137 kWh)	\$23.50 per month	\$17.33 per month	\$18.17 per month

The City offers a wind powered energy rate for residential and small commercial customers. The rate for wind power energy is \$1.50/block (each block consists of 100 kWh), subject to a 1 block minimum and a 5 block maximum. The City also offers credits for electric users who agree to curtail power upon the request of the city as well as experimental interruptible power service. Currently, the City's water and wastewater plants are the only entities taking advantage of the curtailable power credit.

Source: City of Georgetown
Effective 11-1-13



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Compliance Section



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Georgetown, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 13, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM, AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Georgetown, Texas' (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-01. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-01, that we consider to be significant deficiencies.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 13, 2015

**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ☒ Yes ☐ None reported

An unmodified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133? ☒ Yes ☐ No

Identification of major programs:

20.205	Highway Planning and Construction
20.219	National Recreational Trails Fund
20.106	Airport Project Participation Agreement

- Dollar threshold used to distinguish between type A and type B programs? \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2014**

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-01 - Schedule of Expenditures of Federal Awards

Criteria or Specific Requirement:

In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the auditee shall prepare a Schedule of Expenditures of Federal Awards (SEFA) to include all federal award amounts expended, properly identify the Catalog of Federal Domestic Assistance (CFDA) numbers, and properly identify awards as belonging to clusters, as applicable.

Condition:

During the course of the audit, we identified awards not reported properly on the SEFA as to the amount expended.

(X) Compliance finding (X) Significant deficiency () Material weakness

Context:

The auditors noted this condition during the review of the initial SEFA and testing the underlying accounting records supporting the amounts recorded.

Effect:

Federal expenditures were not properly recorded on the initial SEFA received. In order to properly select those programs which will be tested as major federal programs in accordance with OMB Circular A-133, the auditors require complete and accurate information to be reported on the SEFA. If not done properly, this could lead to non-compliance for federal awards and possible financial statement misstatement.

Cause:

As a result of the expenditures incurred as part of the Airport Project Participation Agreement grant being incurred on behalf of the City by a State agency, the City did not properly identify all of the expenditures incurred for this grant.

Recommendation:

We recommend that the City implement a process in which the City regularly communicates with any other local, state or federal agencies incurring expenditures on behalf of the City for any Federal program to assist in identification of all amounts that should be reported on the City's SEFA.

**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2014**

SECTION IV – SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

NONE

SECTION V – CORRECTIVE ACTION PLAN

Finding 2014-01 - Schedule of Expenditures of Federal Awards

Response:

The City agrees with the finding. In response, the City will ensure that staff preparing the City's SEFA coordinate with other governmental agencies in instances where expenditures are being incurred on behalf of the City by those other agencies so that all amounts are properly reported on the City's SEFA in the future.

Contact Person:

Micki Rundell, Chief Financial Officer

Estimated Completion Date:

September 30, 2015

**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Program Expenditures
<u>BUREAU OF JUSTICE ASSISTANCE</u>			
Direct Program:			
<i>Bulletproof Vest Program</i>	16.607	KXP11A	\$ 2,685
Total Bureau of Justice Assistance			2,685
<u>Department of Transportation / Federal Highway Administration (FHWA)</u>			
Passed through Texas Department of Transportation:			
* Highway Planning & Construction	20.205	CSJ-2211-01-016	61,200
* Highway Planning & Construction	20.205	CSJ-2211-01-019	2,490,971
* Highway Planning & Construction	20.205	CSJ-2211-01-027	246,359
* Highway Planning & Construction	20.205	CSJ-0015-17-026	130,000
* Highway Planning & Construction	20.205	CSJ-0914-05-170	309,880
Total Department of Transportation / Federal Highway Administration (FHWA)			3,238,410
<u>Federal Highway Administration</u>			
Passed through Texas Parks & Wildlife:			
* National Recreational Trails Fund	20.219	RT1108	189,040
Total Federal Highway Administration			189,040
<u>Federal Aviation Administration</u>			
Passed through Texas Department of Transportation-Aviation Division:			
<i>Airport Project Participation Agreement</i>	20.106	1214GRGTN	810,631
<i>Airport Project Participation Agreement</i>	20.106	1314GRGTN	482,518
<i>Airport Project Participation Agreement</i>	20.106	1414GRGTN	15,727
Total Federal Aviation Administration			1,308,876
<u>Institute of Museum & Library Services</u>			
Passed through Texas State Library & Archive Commission:			
<i>State Library Program</i>	45.310	478-14005	68,920
Total Institute of Museum & Library Services			68,920
<u>National Highway Traffic Safety Administration</u>			
Passed through Texas Department of Transportation:			
<i>STEP Comprehensive</i>	20.600	2014-George-S-1YG-004	2,989
Total National Highway Traffic Safety Administration			2,989
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Federal Emergency Management Agency:			
<i>Firefighter Inspector grant</i>	97.044	EMW-2011-FP-00578	9,129
<i>Prehazard Mitigation</i>	97.047	LPDM-2008-010	9,812
Total U.S. Department of Homeland Security			18,941
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Passed through Texas Historical Commission:			
<i>Citizens Memorial Cemetery Survey</i>	15.904	TX-13-025	7,000
Total U.S. Department of Interior			7,000
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Williamson County:			
<i>Community Development Block Grant</i>	14.218	065P Georgetown	12,589
<i>Community Development Block Grant</i>	14.218	065P Georgetown	3,066
Total U.S. Department of Housing and Urban Development			15,655
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,852,516

* Clustered Programs

CITY OF GEORGETOWN, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Georgetown, Texas (the City). The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditures reports as of September 30, 2014, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant, as the discrepancies noted are timing differences.



EST. 1848

GEORGETOWN
TEXAS